Roll No. ....

Time allowed : 3 hours | *Maximum marks : 100*

Total number of questions : 6 | *Total number of printed pages : 15*

NOTE : Answer ***ALL*** *Questions.*

PART–I

1. Drishya Infratech Limited ('DIL') was incorporated in 1998 as a private company and was converted into a public limited company in 2007 and got listed, when it undertook large-scale expansion in construction, energy, and allied manufacturing services. Headquartered in Chennai, the Company rapidly diversified into real estate, renewable energy, logistics, and even financial services through subsidiaries. With a paid-up capital of ₹ 1,200 crore and consolidated annual turnover of ₹ 8,500 crore, DIL positioned itself among India's fastest-growing conglomerates. The Board of Directors consisted of twelve members, including four independent directors, one woman director and promoter/executive directors. Though compliant with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, proxy advisory firms often commented that the independence of directors was more on paper than in substance, given the long-standing personal and professional ties of most "independent" directors with the promoter family. Other mandatory committees were duly constituted, but their functioning was often perfunctory, with decisions driven largely by the promoter-chairman, Ranjhan, whose family collectively held 58% of the Company's equity.

In the early years of its growth, DIL emphasized on being a compliant organization and even claimed to have adopted global best practices, including OECD Principles of Corporate

Governance and United Nations Sustainable Development Goals (SDGs). It presented glossy annual reports showcasing commitments to Environmental, Social and Governance (ESG) values, including Business Responsibility and Sustainability Reporting (BRSR) in line with SEBI's mandate for top 1,000 listed entities. Its renewable energy subsidiary claimed reductions in carbon emissions, while its logistics arm spoke of gender diversity in employment and its financial services subsidiary highlighted financial inclusion efforts. On the surface, the Company appeared as a model of corporate citizen, aligning itself with CSR activities, spending over ₹ 50 crore annually on education, sanitation, and rural infrastructure projects. DIL also declared its adoption of the "Integrated Reporting" framework, in accordance with international standards. Analysts praised DIL's meteoric rise, its issuance of green bonds and its consistent dividend policy. Shareholders received assurances that governance structures were strong and regulators accepted its disclosures as adequate. However, beneath the surface, tensions were growing, whistleblower complaints pointed to irregularities in awarding EPC contracts to related entities, statutory auditors raised concerns about inadequate internal controls and minority shareholders questioned the opaque decision-making process.

Environmental activists highlighted that DIL's mining and infrastructure projects had caused large-scale deforestation, violating environmental clearances and that disclosures in the BRSR report were selective rather than comprehensive. Moreover, global ESG rating agencies downgraded DIL's governance scores citing weak board independence and poor disclosure practices. The unravelling began in 2024, when an investigative journalist exposed that DIL had overstated its renewable energy achievements in its sustainability report. An independent review found that only 40% of claimed solar capacity was functional, with the rest being under litigation or awaiting approvals. SEBI initiated an inquiry under SEBI (LODR), examining misstatements in annual reports. At the same time, the Ministry of Corporate Affairs received complaints alleging siphoning of funds through related party transactions with shell companies controlled by relatives of promoter directors. The independent directors, instead of exercising their duties, remained passive, leading to questions about their effectiveness. Further, CSR funds, which were supposed to be spent on rural education were allegedly diverted to trusts

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managed by the promoters. Institutional investors, guided by proxy advisory firms, began voting against board resolutions, citing poor governance practices. The situation worsened when a tragic accident at one of DIL's construction sites killed 14 contract workers, revealing lapses in occupational health and safety standards. NGOs alleged violation of SDG 8 (Decent Work) and ESG social safeguards, which directly contradicted DIL's sustainability commitments. Media backlash and social media activism damaged DIL's reputation, causing a 35% fall in its share price within weeks. Credit rating agencies downgraded its debt citing governance risks and banks tightened lending norms. The Board was accused of non-compliance with provisions relating to performance evaluation of independent directors. In response, the Board announced separation of the roles of Chairperson and CEO (in line with SEBI recommendations), reconstitution of the Audit Committee with truly independent experts and appointment of a Big 4 firm to conduct a sustainability audit. Yet, damage had been done, foreign investors withdrew funds, retail shareholders filed class-action suits under the Companies Act and regulators-imposed penalties. While the Company had complied with structural mandates such as appointing independent directors, forming committees, and disclosing CSR spends, it failed to internalize the spirit of accountability, transparency, fairness, and responsibility.

In the background of above facts, answer the following questions :

(*a*) Examine the roles and responsibilities of DIL's independent directors, in the context of the Companies Act, 2013 and SEBI (LODR) regulations.

(*b*) Indicate the factors and parameters to be considered for evaluation of independent directors.

(*c*) Outline the implications of CSR irregularities by the Company and suggest ways to strengthen the CSR governance to avoid misuse of CSR funds.

(*d*) Examine how weak risk management contributed to crisis at DIL and recommend steps to strengthen the risk framework.

(*5 marks each)*

2. (*a*) A complaint was filed before the Lokpal against a senior officer of a central public sector undertaking, alleging misuse of funds in awarding a contract. During the preliminary inquiry, the officer failed to produce the relevant documents despite repeated notices. The Lokpal's Inquiry Wing, therefore, directed him to appear personally and submit the required records. At the same time, the Lokpal also requisitioned certified copies of certain related files from a government ministry and issued a commission for recording the statement of a key witness who was bedridden and unable to attend the proceedings in person. The officer challenged the authority of Lokpal, arguing that it did not have the same powers as a civil court to summon individuals, demand documents, or issue commissions.

With reference to provisions of the Lokpal and Lokayukta Act, 2013, examine whether the contention of the officer is tenable.

(*5 marks*)

(*b*) Ananthi Advisory Private Ltd. ('AAPL') a SEBI-registered proxy advisory firm, provides voting recommendations to institutional investors for resolutions at Genuine Tech Ltd.'s (GTL) annual general meeting. While reviewing the report, the management of GTL notices that the methodology and sources used to formulate the recommendations are not fully transparent and some recommendations seem to be based on incomplete information. The Company also learns that AAPL offers consultancy services to certain shareholders, raising concerns about potential conflicts of interest. GTL wishes to ensure that its clarifications are considered, any necessary amendments are communicated to investors and the policies on disclosure, communication, and conflict-of-interest policies are fully adhered to. GTL has appointed you, a Company Secretary, seeking your advise to engage with AAPL, in compliance with SEBI's regulatory framework. Advise the Company.

(*5 marks*)

(*c*) Ayeman Ltd., a listed company, has recently received multiple complaints from its shareholders regarding delayed receipt of dividend payments, non-receipt of annual reports, and delays in issuance of duplicate share certificates. Additionally, some debenture holders have raised grievances concerning interest payments and maintenance of security cover. The Company's management wants to ensure that these issues are addressed in line with regulatory requirements and enhance the overall satisfaction of its security holders. The Company has a Stakeholders Relationship Committee in place, chaired by a non-executive director, with a composition of three directors including one independent director. The Chairperson is expected to attend the upcoming Annual General Meeting to respond to shareholder queries.

Explain the key responsibilities of the Stakeholder Relationship Committee under SEBI (LODR) Regulations 2015.

(*5 marks*)

3. (*a*) The Board of Meghank Technologies Ltd. convened a meeting through video conferencing to approve the quarterly financial results. During the meeting, one Director lost connectivity and continued participation via telephone for the remaining agenda items. Another Director, who had not given prior intimation of his intention to join electronically, logged in directly through video conferencing. Later, a shareholder challenged the validity of the Board's decisions, qustioning whether the quorum was properly constituted.

Examine the legal validity of this board meeting in light of the Companies Act, 2013.

(*5 marks*)

(*b*) BlueWave Pharmaceuticals Ltd., a listed company, has a robust internal policy to prevent insider trading in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company's compliance officer maintains a structured database of unpublished price sensitive information (UPSI) and persons with access to it. Employees undergo periodic training on insider trading norms. Recently, a senior R&D scientist was found sharing trial results of a new drug with a close friend before official disclosure. The Compliance Officer initiated an inquiry, imposed penalties and reported the incident to SEBI, strengthening internal controls and demonstrating adherence to Regulations.

Explain the internal controls that BlueWave can implement to effectively prevent insider trading.

(*5 marks*)

(*c*) Trinkle Manufacturing Ltd., a family-owned company, plans to expand internationally and is exploring models for long-term sustainability. The Board is studying family business practices globally, especially in Germany and Japan. The Company is particularly interested in succession planning, continuity and strategies that ensure longevity over multiple generations.

As a corporate governance consultant, advise the Company, on the key lessons it can learn from the Japanese 'ie' system.

(*5 marks*)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (*a*) Shopo Sphere Private Ltd., a fast-growing e-commerce platform, faced challenges with inconsistent product descriptions, duplicate listings and inaccurate pricing across multiple sellers. To Address this, it implemented a strategy aimed at ensuring accuracy, consistency and compliance in all product-related data. The strategy included standardized product taxonomy, mandatory data quality checks before listings go live, and integration of AI-driven tools to detect anomalies in images, descriptions and prices. A centralized product information management (PIM) system was introduced to unify data across categories and sales channels. Regular audits, seller training programs, and defined escalation protocols for incorrect data were also part of the governance framework. As a result, customer complaints dropped by 35%, return rates decreased and search-to-purchase conversion improved. The initiative enhanced customer trust strengthened compliance with consumer protection norms, and streamlined seller onboarding, making Shopo Sphere more competitive in the crowded e-commerce market.

Outline the key points which an e-commerce business should consider for designing product data governance strategy.

(*5 marks*)

(*b*) Ravi, a senior procurement manager at GreenTech Solutions, faced a dilemma when his Company invited bids for a multi-crore supply contract. One of the bidders, Eco Mart Private Ltd., was owned by Ravi's close friend. Eco Mart submitted the most competitive bid, offering quality products at a lower price than other vendors. However, the Company policy clearly requires employees to declare any conflict of interest and recuse themselves from related decision-making. Ravi's friend privately assured him of a generous "thank you" gift if Eco Mart secured the deal. Ravi knew awarding the contract to Eco Mart without disclosure would benefit the Company financially, but could also breach the Company's code of ethics and lead to personal and legal consequences. He had to decide whether to maintain professional integrity by reporting the conflict or act in his friend's favor and risk his reputation. Ravi was evaluating various approaches to solve his ethical dilemma. Advise Ravi.

(*5 marks*)

(*c*) Info Trust Ltd., a leading IT-enabled services company, manages sensitive client data from global banking, healthcare, and e-commerce firms. With increasing digital transactions and reliance on cloud-based operations, the Company faces heightened risks of data breaches, unauthorized access and regulatory non-compliance. Recently, a client raised concerns after discovering that data storage practices in one of Info Trust's offshore centres did not comply with EU's General Data Protection Regulation (GDPR) norms. At the same time, domestic regulators have emphasized compliance with India's Digital Personal Data Protection Act, 2023 (DPDP Act), which requires companies to establish strong mechanisms for data privacy, security, and accountability. The Board of Info Trust recognizes that poor data governance could result in legal penalties, reputational loss, and erosion of client trust. Investors and clients alike are demanding a comprehensive data governance strategy ensuring data accuracy, transparency, privacy protection, and ethical usage. Given the developments in technology, the management suggested the use of Artificial Intelligence (AI) in data governance.

Outline the benefits of AI powered data governance.

(*5 marks*)

OR (Alternative questions to Q. No. 4)

4.A. (*i*) Suvidha and Sumedha were friends and batch mates in MBA. They started a business called 'Locosilks', a start-up which procures silk garments locally for exporting to other countries. This idea came from their strong understanding of the local sources and their niche marketing skills. They wanted to tap the unexplored local procurement and develop a robust supply chain. Explain local procurement program and its benefits.

(*5 marks*)

(*ii*) Amanda Plc, a medium-sized UK-listed company is seeking to enhance its board-level oversight of cyber risk following the publication of the UK's new Cyber Governance Code of Practice. Nayan, a Compliance professional has been requested to advise the Company, on applying the Code's principles into Boardroom governance. In the background of UK Cyber Governance Code, advise the Company in aligning with Code's principles and reporting practices for cyber risks.

(5 marks)

(*iii*) Jona Ltd., is planning to go for an IPO and appointed Vel, a Practising Company Secretary to support them in this process. During one of the meetings, Vel informed the Board of Directors of Jona Ltd., that the Company has to host certain information on its website and should provide timely updates to support investor transparency and regulatory compliance. The Board members asked Vel, to explain the key categories of information that a listed company is required to host on its website.

Prepare a brief note indicating the information that a listed company should host on its website, as per under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(*5 marks*)

PART–II

Attempt all parts of either Q. No. 5 or Q No. 5A

5. Keyor Infoware Private Ltd., a Bengaluru-based technology company, has grown significantly in the last decade, specializing in artificial intelligence, data analytics, and enterprise software solutions. Founded by a group of IIT graduates, it now employs over 1,200 people and reported a turnover of ₹ 220 crore in the last financial year. The Company services global clients in sectors such as banking, healthcare, and e-commerce and is gradually emerging as a recognized player in the technology consulting space. However, the rapid growth has exposed the Company to several governance and risk management challenges. Recently, a fraudulent financial transaction was detected within the accounts department. An employee, in collusion with an external vendor, manipulated invoices and diverted funds over a period of six months. Although the fraud was identified and reported, the incident raised questions about the adequacy of internal controls and fraud prevention mechanisms.

In another instance, the Company faced a major reputation risk when an overseas client posted negative feedback on social media regarding project delays. The post went viral within hours, leading to adverse commentary and speculation about the Company's delivery capability. The management realized that while technical expertise was its strength, Keyor lacked a robust framework for crisis communication and reputation management.

In a subsequent Board meeting, directors emphasized the need for a structured risk assessment framework covering financial, operational, reputational, compliance and information security risks. They insisted that risk assessment should not be a one-time exercise but an ongoing process integrated into corporate governance practices. Further, with turnover at ₹ 220 crore and borrowings standing at ₹ 80 crore, the Board sought clarity on the applicability of internal audit provisions under the Companies Act, 2013 and whether the company was now statutorily required to appoint an internal auditor. The Board also appointed a Company Secretary with the mandate to strengthen governance and compliance mechanisms.

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Based on the above facts, answer the following questions :

(*a*) Explain in brief the risk management process.

(*b*) Elaborate the fraud risk management processes, that should be implemented to prevent frauds or such other incidents.

(*c*) Outline the key principles of reputation risk management and their application in addressing negative stakeholder feedback in an organization.

(*d*) With reference to provisions of Companies Act, 2013, evaluate whether the Company is required to appoint an internal auditor.

(*5 marks each*)

OR (Alternative questions to Q. No. 5)

5.A. Sepay Technologies Ltd., a Pune-based multinational IT services firm, had earned a reputation for its cutting-edge solutions in cloud computing and artificial intelligence. With over 12,000 employees and clients in 25 countries, the Company was considered a trusted partner in digital transformation initiatives. The Company had good processes and procedures in place which would help them navigate any unforeseen circumstances.

In March 2025, Sepay faced a critical challenge when a sophisticated ransomware attack locked its central client management system. Payroll operations were stalled, sensitive customer data was at risk and employees could not access emails or work files for the first 48 hours, leading to widespread panic. The Board immediately activated the Crisis Management Plan (CMP). A cross-functional crisis committee, including finance, HR, IT, and marketing heads, was tasked with responding. The Finance Manager ensured emergency funds were released to hire external cybersecurity experts and kept regulators informed to maintain compliance. HR focused on employee morale, establishing alternative communication channels and ensuring salaries were processed via backup systems. Marketing and PR teams communicated proactively with clients, mitigating reputational risk. Simultaneously, the Business Continuity Plan (BCP) was implemented. Sepay had previously identified critical functions client support, payroll and internal communications as “essential services.” Within 72 hours, makeshift systems supported priority client accounts. Off-site data backups enabled partial restoration of operations. The BCP also guided coordination with vendors and cloud service providers, minimizing disruption in client service delivery. The Disaster Recovery Plan (DRP) proved equally crucial. It outlined steps to restore IT infrastructure and mitigate technical losses. The IT team, working with external experts, isolated infected systems, cleaned servers and restored data from secure backups. Thanks to these coordinated efforts, Sepay was able to restore 80% of operations within two weeks, regaining client confidence. This incident highlighted the interdependence of CMP, BCP, and DRP. While the CMP enabled immediate decision-making and communication, the BCP ensured business continuity and the DRP provided technical restoration. Post-incident, the Board recognized the need to strengthen client communication and conduct regular simulation testing.

The cyberattack became a turning point for Sepay. The Company institutionalized quarterly simulation drills, upgraded data security protocols and refined the CMP to include social media crisis management. Leadership acknowledged that without these pre-designed frameworks, Sepay’s reputation and financial stability could have suffered irreparable damage. There was a detailed discussion about the event and the risks being addressed. One of the board members suggested that, risk transfer should be considered rather than risk reduction. Further the Board and the management were keen to appoint a consultant who would do a risk analysis and submit a detailed report highlighting various aspects of governance risks as well. One of the directors, who was on Board of another conglomerate, mentioned to the board members that the risks are not limited to cyber security risk or governance risks alone, they even include climate risk.

In the background of above facts, answer the following questions :

(*i*) Distinguish between risk transfer and risk reduction.

(*ii*) Explain the cyber security risk management process.

(*iii*) What are the changes and improvements, which the Company should put in place to address cyber security risks.

(*iv*) Explain climate risk and outline the steps involved in climate risk management process.

(*5 marks each*)

PART-III

6. (*a*) Apex Appliances Ltd., a mid-sized listed Indian company engaged in the manufacture of consumer electronics, is in the process of preparing its first Business Responsibility and Sustainability Report (BRSR) pursuant to the disclosure requirements notified by the Securities and Exchange Board of India (SEBI). The Board of Directors have recognized that sustainability and responsible business conduct are no longer matters of voluntary choice but essential obligations for listed companies. Consequently, the Board has instructed the Company Secretary to take a leading role in guiding senior management in implementing the BRSR Core framework in a way that adds real value to stakeholders. The decision to embark upon formal sustainability reporting has generated considerable discussion within the Company. Apex has enjoyed consistent profitability and a stable market presence, but sustainability has never been formally integrated into its strategy. The Company Secretary highlighted that BRSR is not only about regulatory compliance but also about demonstrating to investors, customers and society that the business is being conducted in a responsible and transparent manner. The Board concurred that disclosures made under the BRSR must be decision-useful, comparable across periods and benchmarked against peers to build investor confidence. During the initial scoping exercise, Apex identified several practical challenges. This led to confusion within the Company regarding alignment and applicability. Despite these hurdles, the leadership of Apex Appliances is convinced that credible and well-structured sustainability disclosures can generate long-term reputational capital, enhance investor trust and help secure regulatory goodwill. In addition, ESG-sensitive institutional investors are increasingly demanding transparency before allocating funds and customers are also more inclined towards brands perceived as responsible.

The Company Secretary has therefore emphasized that Apex must avoid treating BRSR as a tick in the box exercise. Instead, it should use the framework to systematically integrate ESG considerations into its corporate governance, risk management and strategic decision-making. The report should highlight not just policies on paper but actual practices, measurable outcomes and forward-looking targets. As Apex prepares its maiden BRSR, the management must carefully decide on the approach, scope and processes to be adopted. It must also develop systems for data accuracy, consistency and verification, as stakeholders will expect reliability in disclosures.

In this background, answer the following :

(*i*) As the Company Secretary of Apex Appliances Ltd., explain the approach adopted for developing the BRSR Core framework. Further, identify the practical challenges that the Company may face in implementing BRSR reporting.

(*ii*) Discuss the nature of disclosures mandated under the Business Responsibility and Sustainability Report (BRSR) framework.

(*4+4=8 marks*)

(*b*) Sena, a senior academician was part of research team of KITE University and was involved in research about Environmental, Social and Governance (ESG) and its relevance to current day business. He presented a paper in a Seminar titled 'ESG—Current trends', wherein he highlighted various aspects of ESG and its relevance. He explained that with increasing global focus on sustainability and responsible business conduct, ESG has emerged as a critical area for corporate strategy and compliance. In the United States, Europe, the Middle East, and Africa, new regulations are being introduced to ensure that companies truly meet ESG requirements instead of resorting to "greenwashing." By 2024, ESG investments reached nearly $12.4 trillion in the U.S., highlighting the importance of this trend. The U.S. SEC has proposed mandatory disclosures on Scope 1 and Scope 2 carbon emissions, while Europe's Corporate Sustainability Reporting Directive (CSRD) requires over 50,000 companies to comply with ESG disclosure norms. With the increasing global emphasis on sustainability, 2025 marks a significant shift in the regulatory landscape as companies prepare for an influx of new ESG reporting mandates and disclosure requirements. Organizations are expected not only to demonstrate compliance but also to proactively integrate ESG considerations into their long-term business strategy. He emphasised that ESG reporting is of great relevance to the business and community at large. While the session was insightful, some of the participants had few questions.

In the background of above facts, answer the following :

(*i*) Outline the importance of ESG reporting.

(*ii*) Explain the key changes that companies must establish to effectively prepare for the challenges posed by evolving ESG reporting mandates.

(*3+4=7 marks*)

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