

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 11

NOTE : Answer **ALL** Questions.

PART-I

1. (a) Citing the relevant provision as per SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 (December 12, 2024) {SEBI notification dated December 12, 2024 vide No. SEBI/LAD-NRO/GN/2024/218} answer the questions below ;
- (i) Bhola is a CS and proprietor of Bhola and Company a leading Company Secretarial Peer Reviewed Firm. What will be the Maximum date up to which Bhola can be appointed as Secretarial Auditor of XYZ Limited.
 - (ii) What will be the maximum date, up to which Guru Bhola and Company, Company Secretarial partnership firm, can Maximum Serve XYZ Limited, as Secretarial Auditor ?
 - (iii) CS (P) Sonam Bhojwani was already working as Secretarial Auditor with MNC Limited for the Financial Year 2023-24 and 2024-25. Now MNC limited wanted to reappoint her Once again as Secretarial Auditor. Advise MNC Limited that up to What Maximum date they can reappoint Sonam Bhojwani as Secretarial Auditor.

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- (iv) Out of following Unlisted subsidiary companies, how many companies will be counted as Material subsidiary for JKT Limited (Listed Entity) for the Financial Year 2024-25.

JKT Limited Consolidated Turnover-550 Crore (₹)

Turnover of Subsidiary Companies :

A Limited-45 Crore (₹)

B Limited-54 Crore (₹)

C Limited-70 Crore (₹)

Your answer should be based on the provision of the law.

- (v) As per newly inserted Regulation 24A(1) (a), Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity will not be applicable on which of the following Unlisted Material Subsidiary of PQR Limited with appropriate reasoning.

Consolidated Turnover of PQR Limited- 480 Crore

M Limited having turnover 58 Crore (Incorporated in India)

N Limited 65 Crore (Incorporated in Spain)

O Limited 50 Crore (Incorporated in India)

(1×5=5 marks)

- (b) ABC Limited was engaged in financing and developing infrastructure projects but now defaulted on several debt repayments due to the mismanagement and undisclosed liabilities in ABC group companies. It has triggered a systemic crisis, exposing deep-rooted governance, risk, and compliance failures. As a result, there was a poor board

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governance, no proper risk management framework and ignorance of statutory and internal Audit flags. State how Corporate Compliance framework can help ABC Limited to serve as a supporting system of risk management system to reduces risk associated with non-compliance. Elucidate the three key components of corporate compliance framework.

(5 marks)

- (c) Management of XYZ Ltd. was worried because it was observed that in the organization, good documentation was neglected and poorly executed. There was no system to update its Documents, Statutory registers and training records. You have recently joined the Secretarial department of XYZ Limited. Management of XYZ Ltd wanted to know what is Good Documentation Practice. Clarify them what is Good Documentation Practice, along with the Do's and Don'ts of Good Documentation.

(5 marks)

- (d) As per Companies Act, if the Certification of Annual Return U/Section 92 is wrongly certified by the Company Secretary, state the consequences he has to face. Describe the action taken by Disciplinary Committee of the ICSI on PCS if any report, return, certificate, financial statement, prospectus, statement or any other document has been falsely represented by him. Specify the authority to initiate action against the professional in the cases of submission of false or misleading or incorrect information by the professional.

(5 marks)

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

2. (a) These days doing business is full of temptations and distractions driven by greed to earn unlimited profits, market share, market-standing (in terms of numbers), performance, etc., coupled with tremendous pressure & compulsion to remain ahead; wherein organizations alluring individuals working therein to ignore or lose hold on ethical aspects of a business. Social life is dominated by numerical success where "the ends justify the means". Of late, this attitude and temperament believing the philosophy "the ends justify the means" has led to a substantial depletion of good character, ethical standards, practices and good governance. This has led to loss of humanity, and ultimately, happiness of self and society. Discuss this statement in the context of ethics.

(5 marks)

- (b) The object of Securities Contracts (Regulation) Act, 1956 (Act) is to provide for the regulation of stock exchanges, and of transactions in securities dealt on them with a view to prevent undesirable speculation. The Act prescribes various penalties against persons who might be found guilty of offences under section 23 of the Act. State the procedure of Appeal to Securities Appellate Tribunal as per Section 23L of the Act.

(5 marks)

- (c) The Company Secretary can represent before various regulators and other authorities in connection with discharge of various duties under the Companies Act, 2013. The NCLT being a quasi-judicial authority the Company Secretary can very well do the same'.

Discuss this statement in regards to the case of Mayank Agarwal (Applicant) Vs. M/s. Technology Frontiers (India) Private Limited (Respondent Company) National Company Law Tribunal (Chennai Bench) IA/2/2021 in CP/75/CHE/2021.

(5 marks)

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- (d) The management of PKG Ltd., has decided to go for an independent audit assessment of whether a given subject matter of the management is in compliance with applicable authorities identified as criteria. Further, it has to carry out by assessing whether activities, financial transactions and information comply in all material respects, with the authorities who govern the audited entity. Explain about the type of audit along with its objectives that PKG Ltd. should carry out.

(5 marks)

OR (Alternate Question to Q. No. 2)

- 2A. (i) Rashmi Goel is a Practicing Company Secretary having firm name as Rashmi Goel and Company based at Mumbai. However, she resides at Bhopal. Manmohan her old classmate who could not complete his CS but having very sharp mind and professionally competent person living at Mumbai manages the office of Rashmi Goel and Company. Basically, she allows Manmohan to practise in her name.

He brings the Professional work through his contact and liasioning with the client is also done by him. All the Secretarial audit work is done by Manmohan and his team. Manmohan charges 50% of the Secretarial Audit fees collected by Rashmi Goel and Company as his share. Moreover, in other compliance related work, he charges 75% as his fees. Rashmi has blind faith on his friend and only signature is done by Rashmi Goel.

This arrangement was going very smooth until Manmohan demanded 80% of the Secretarial Audit fee from Rashmi Goel. Kindly advise Rashmi Goel PCS with regard to the code of conduct of ICSI.

(5 marks)

- (ii) SRP Ltd committed an offence under the General Clauses Act, 1897 for which investigation is initiated. Managing Director (MD) of the company called a meeting of Key Personnel Officers for immediate resolving the issue. During the meeting Key Personnel Officers except the Company Secretary in full time employment suggested to the MD to resolve the issue by a settlement mechanism (Compounding of Offence). The Company Secretary in employment countered the suggestion and argued that in the prevailing situations the company cannot be allowed to go for the settlement mechanism. Referring the relevant provisions of the Companies Act, 2013 examine and explain the settlement (Compounding) mechanism and its exceptions in the implementation. And discuss whether the Company Secretary in Employment is correct ?

(5 marks)

- (iii) The Companies Act, 2013 casts responsibility on each and every director to apply their judgment in preparation of annual accounts according to applicable accounting standards and accounting policies, preparing accounting records on going concern basis. How are the Directors of VKJ Ltd., a company incorporated under the Companies Act, 2013 and having annual turnover of INR 2,000 crore are responsible in this regard ?

(5 marks)

- (iv) Pre-certification of forms is, not a routine or mechanical exercise but is a serious and involved work calling for sound application of mind in verifying the averments made in the respective forms after due consideration of the provisions of the Act read with the relevant rules. Comment.

(5 marks)

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PART-II

3. (a) Following are the financials of GKV Limited a Public Company for the Financial year 2024-25. (₹ in Crores)

Particulars	Figures as on 30th September 2024	Figures as on 31st December 2024	Figures as on 31st March 2025
Paid up share capital	35	45	45
Turnover	180	265	240
Outstanding loans from banks and financial institutions	75	75	95

You are the Chief Financial Officer of the GKV Limited and your directors are of the view that Secretarial Audit is applicable on your company as per Section 204(1) of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which provides that it shall annex with its Board's report made in terms of sub-section (3) of section 134 of the Act, a Secretarial Audit report given by a Practising Company Secretaries., in form No. MR-3, as attached as Annexure-A. You have to advise your director regarding the applicability of Secretarial Audit on GKV Limited.

(5 marks)

- (b) The Directors of RKG Ltd., a company incorporated under the Companies Act, 2013 suspects that there are many instances into the practices of corruption and misappropriation of assets in the working of their company. It has been decided by the Board to undertake an audit in order to assess the overall position of the company. Advise as a PCS the audit giving its details and purpose.

(5 marks)

- (c) Due diligence" is an analysis and risk assessment of an impending business transaction. It is the careful and methodological investigation of a business or persons, or the performance of an act with a certain standard of care to ensure that information is accurate, and to uncover information that may affect the outcome of the transaction. Give an illustrative list of any six transactions that require proper Due Diligence. Also give any four advantages of Due Diligence.

(5 marks)

4. (a) What factors impair the independence of internal auditors ?

(3 marks)

- (b) The Auditor shall plan the audit with professional scepticism so that it is possible to exercise professional judgment in an objective manner. The application of professional scepticism enhances the effectiveness of applied audit procedures and reduces the risk and possibility that the Auditor will reach an inappropriate conclusion when evaluating the results of audit procedures. How does an auditor develop an audit plan ?

(3 marks)

- (c) An information systems audit performed in an organisation is a comprehensive examination of a given targeted system. The audit consists of an evaluation of the components which comprise that system, with examination and testing in the various areas. Explain Information Systems Audit and various areas of Information System Audit.

(3 marks)

- (d) Suggest an Audit technique which can be used in many areas where information needs to be connected or verified without repeating content. It saves time during report drafting (just refer to Working Paper code instead of re-describing evidence). And

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it makes the audit trail very strong in case of future disputes. It also helps in peer review and when the same audit file is reviewed next year. Moreover, when the audit findings are reviewed by the Board or Statutory Auditors, it can be used to quickly locate supporting records without searching the entire audit file. Identify, define and discuss this Audit technique.

(3 marks)

- (e) Identify the formal evaluation/review method/process where the work, performance, or compliance of a professional or firm is examined by another qualified and independent professional. Specify the points on which the review shall focus. Specify when once a practice unit is selected for review, its engagement records pertaining to which financial year shall be subject to review.

(3 marks)

5. (a) Briefly discuss the main purposes for an interview in context of an Audit. Can an interview have all those purposes at the same time. The interview techniques can be gainfully used in a structured or unstructured manner to elicit information from the entity both in the planning phase as well as in execution phase, explain.

(5 marks)

- (b) After the exit meeting and the completion of the audit procedures, the auditor should prepare an executive summary, of audit findings. Comment. Elucidate what is included in the executive summary.

(5 marks)

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- (c) A change may not be considered reasonable if it appears that the change relates to information that is incorrect, incomplete or otherwise unsatisfactory. Justify your answer with an example and explaining when there should be changes in terms of engagement. Elucidate what precautions, the Auditor should take while accepting the change in terms of engagement ?
- (5 marks)

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

6. (a) The four Labour Codes envisage strengthening the protection available to workers, including unorganized workers in terms of statutory minimum wage, social security and healthcare of workers. Explain some of its important provisions.
- (5 marks)
- (b) Where a dispute arises over the powers of Reviewers or the process or conclusions reached after the review or to any other matter related to the review, the Practice Unit, the Reviewer or both may refer the dispute to which Authority and how this process takes place. Explain.
- (5 marks)
- (c) An auditor is required to submit the audit report and sign it as per norms. Explain the Auditor's responsibility and signing of audit report.
- (5 marks)

OR (Alternate Question to Q. No. 6)

- 6A. (i) The Quality Reviewer is responsible to evaluate whether the evidence obtained during the review is sufficient to support the report to be issued pursuant to the review engagement. Indicate the general deficiencies which the review may indicate. When the Reviewer has collated the findings which are required to be evaluated, what should he do. In evaluating the findings of Quality Review, some material deficiencies were noticed that there were Independence & Ethical Breaches, deficiencies in

Engagement Performance, Quality Control Leadership & Responsibility Failures. Elucidate the presence of which other events would indicate existence of material deficiency in policies/ procedures.

(5 marks)

- (ii) A Non-Disclosure Agreement is defined as a legally enforceable contract that creates a confidential relationship between a person who holds some kind of trade secret and a person to whom the secret will be disclosed. Give the contents of Non-Disclosure Agreement under Due Diligence.

(5 marks)

- (iii) Audit sampling is an investigative tool in which less than 100% of the total items within the population of items are selected to be audited. It is an auditing technique that provides supporting evidence that allows auditors to issue audit opinions without having to audit every single item and transaction. Give the purpose and form of Audit Sampling.

(5 marks)

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