

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 8

NOTE : Answer ALL Questions.

PART-I

1. (a) Bandhan Limited is a Public Limited Company which was incorporated in year 2014. The paid up share capital and bank borrowing of the company for the year ended on 31st March, 2023 is ₹ 9 crore and ₹ 60 crore respectively. Mr. X is a practicing Chartered Accountant and he is statutory auditor of the company since 2018-19, he seeks re-appointment as a statutory auditor of the company for F.Y. 2023-24. Explain with relevant provisions of Companies Act, 2013, whether Mr. X can be reappointed as Statutory Auditor of the Company for F.Y. 2023-24 ?

(5 marks)

- (b) MNO Limited is an unlisted public limited company having 7 directors on its board. Key financial information of MNO Limited as per audited financial statement for financial year ended 31st March, 2023 is as follows :

Particulars	FY 2021-22 Amount (₹) in crore	FY-2022-23 Amount (₹) in crore
Authorized share capital	12	12
Paid up share capital	8	9
Turnover	75	90
Outstanding loans	45	60

: 2 :

Being the practicing company Secretary, you have been requested to analyze whether M/s MNO Limited is required to appoint Independent directors. Check and state the minimum number of independent directors which needs to be appointed by the company. Would your answer be different, if MNO limited is a listed company and the Chairperson of the board is a non-executive director ?

(5 marks)

(c) S Limited is a newly incorporated public limited company. The board of directors of the company has no specific clarity regarding the various issues of Secretarial Standards (SS 1). The Board appointed Mr. P, FCS as a company secretary of the company. The board wants to know from him in relation to the following matters :

- (i) What are the corporate actions which shall not be passed by circulation and shall be placed before the board meetings as per the guidelines of SS1 ?
- (ii) At present there are 9 directors, out of which office of the 2 directors have fallen vacant, what is the minimum number of directors that are required to form a valid quorum for a board meeting as per the guidelines of SS1 ?

(5 marks)

(d) M/s XYZ Limited is a public limited company having paid up share capital of ₹ 28 Crores at the last of preceding financial year. The directors of M/s XYZ Limited want that timely and accurate disclosures are made regarding all material matters concerning the company including its financial situation and results. You are a practicing company secretary and you have been engaged by M/s XYZ limited for advising it in regard to disclosures to be made in the board report.

(5 marks)

: 3 :

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

2. (a) Proxy advisors provide valuable services to the Institutional Investors and help them to take correct voting decisions. In view of this statement, explain the reasons of engaging proxy advisors by Institutional Investors.

(5 marks)

- (b) M/s PQR limited is a listed company. In the course of its operations, it makes regular transactions with its related parties and these transactions are of general operational nature. The company management finds it very difficult to take prior approval of audit committee for related party transactions. You are the company secretary of M/s PQR Limited. In view of difficulties faced, one of the directors of company asks you to take omnibus approval for related party transactions. You are required to explain the conditions for omnibus approval of related party transactions.

(5 marks)

- (c) CDS is an unlisted public company engaged in manufacturing of textile products. Following is the financial information obtained from its latest audited financial statement for the year ended 31st March 2023 :

Particulars	Amount (₹ crore)
Authorised Share Capital	100
Paid up Share Capital	30
Reserve and Surplus	10
Turnover	150
Outstanding loan from Nationalised Banks	110
Outstanding Security Deposits	22

: 4 :

Based on the above facts, answer to the following questions, analyze whether CDS Limited is required to appoint an internal auditor ? Substantiate your answer with relevant provisions of law. Further, the company wants to appoint Mr. M as the internal auditor of company who has been employed with the company as Sr. Manager (Finance & Accounts). Check, whether his appointment as internal auditor would be valid ?

(5 marks)

OR (Alternate question to Q. No. 2)

2A. (i) Vidhyut Limited is a BSE listed public listed company. It is a joint venture of Quantum Power Limited and a government company. Recently the government company has appointed 3 new directors in the board of Vidhyut limited. These new directors are professional qualified to be the directors of a company but this is their first term in a company as directors. The chairman of the board wants the new directors to participate fully and actively in board decision-making. You are the company secretary of the Vidhyut Limited and you have been entrusted the responsibility for the induction of new directors. In the course of directors' induction program, you are also expected to provide an induction kit to the new directors. Explain the importance of induction program for newly appointed directors and the content of directors' induction kit.

(5 marks)

(ii) Rainbow Finance Limited is a newly incorporated Non-Banking Financial Company (NBFC) in the category of Infrastructure and Finance Company. Its assets size is more than ₹ 100 billion. You are appointed as the company secretary of Rainbow finance limited. The chairman of board requires you to apprise him about the “fit and proper criteria” for appointment of director in the company. Write a note for the chairman of the board regarding “fit and proper criteria” as contained in the RBI Guidelines on Corporate Governance for NBFCS.

(5 marks)

: 5 :

(iii) Compliance risk is the threat posed to a company's earnings or capital as a result of violation or non-conformance with laws, regulations, or prescribed practices. Companies that fail to comply with the necessary standards may be subjected to fines, payment of damages, and voided contracts. In order to avoid the compliance risk, companies establish compliance risk management function. In view of above, explain the different steps in compliance risk management.

(5 marks)

3. (a) Analyze the importance of Auditing Standard for the purpose of reporting to the members of the company by the statutory auditors under the Companies Act, 2013.
- (b) "With the goal of promoting better corporate governance practices in India, the Ministry of Corporate Affairs, Government of India, has set up National Foundation for Corporate Governance (NFCG) in the year 2003." In this context, explain in brief the mission of NFCG.
- (c) As per Regulation 4(2) (d) of SEBI (LODR) Regulations, 2015 the listed entity should recognise the rights of stakeholders and encourage co-operation between listed entity and the stakeholders." Explain this statement.
- (d) Referring the provisions of Section 125 of the Companies Act, 2013, explain the purposes for which Investor Education and Protection Fund may be utilized.
- (e) Explain Section 302 of SOX Act i.e. Corporate Responsibility for Financial Reports.

(3 marks each)

PART-II

4. (a) Mr. P is an investor and he has got the proposal for investment in Company A and Company B. The particulars of Company A and Company B are herein given below :

: 6 :

- (i) Company A is a highly diversified company. It has stable market share and investment in this company is thought to be safe.
- (ii) Company B is a start-up company and investment in this company is thought to be highly risky with high reward.

In view of above, explain the concept of systematic risk and unsystematic risk and classify the risk involved for investment in company A and company B under the categories of systematic risk and unsystematic risk.

(5 marks)

- (b) Good News Private Limited is a publishing company and it has been publishing 2 daily newspapers, 2 weekly and 5 monthly magazines. In view of rapid technological development, the company promoter is worried about the long term survival of company and engages you to advice on the Obsolescence Risk and the ways to deal with such risk. Prepare a short note for the promoter of the company containing the meaning of Obsolescence Risk and the suggested ways to deal with such risk by the company.

(5 marks)

- (c) XYZ Company limited is a BSE listed reputed chemical manufacturing company. Recently, there is a fire incident occurred at one of its plant location. The directors of the company are worried about this fire incident's impact on company reputation and ask you to prepare a note containing the following :

- (i) Meaning of reputation risk ?
- (ii) Consequences of loss of reputation.
- (iii) The approach to be followed for effective management of reputation risk.

(5 marks)

- (d) "Risk mitigation is the process by which an organization introduces specific measures to minimize or eliminate unacceptable risks associated with its operations". In view of this statement, explain different risk mitigation measures undertaken by an organisation.

(5 marks)

: 7 :

PART-III*Attempt all parts of either Q. No. 5 or Q. No. 5A*

5. (a) International Integrated Reporting Council (IIRC) has coined the concept of “Six Capital Disclosures”. According to this concept “Integrated reporting relies on business disclosures through six capitals that guide businesses in decision-making and planning”. Explain the six capital disclosures as referred here.
- (b) ‘Internal check’ refers to allocation of duties in such a manner that the work of one person is checked by another while that other is performing his own duties in a normal way. In reference to internal check, explain the important objects of internal check system.
- (c) In reference to Components of Internal Control as defined by COSO”, explain the term “Control environment”.
- (d) As per Regulation 18(3) of SEBI Listing and Other disclosures requirement Regulation, 2015, the role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II. In reference to above, what are the specific information in relation to annual financial statements and auditors’ report, which needs to be reviewed by audit committee ?

(5 marks each)

OR (Alternate question to Q. No. 5)

- 5A. (i) Explain the guiding principles in relation to preparation of an integrated report, its contents and the manner of the disclosure of Information.
- (ii) In reference to Annexure-II of the Companies (CSR Policy) Rules, 2014 i.e. Format for the Annual Report on CSR Activities, explain how the excess amount be set off, (if any) would be presented.
- (iii) As per Section 134(3)(c) of the Companies Act, 2013, a report by its Board of Directors, including Directors' Responsibility Statement shall be attached to statements laid before a company in general meeting. Explain the matter to be included in Directors Responsibility Statement with particular reference to internal control including internal financial control.
- (iv) As per Regulation 17(8) of SEBI (LODR) Regulations, 2015, the chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II. Referring the above, explain the contents of compliance certificate as provided by the chief executive officer and the chief financial officer to the board of directors.

(5 marks each)

PART-IV

6. (a) Explain four 'basic, non-negotiable system conditions for global sustainability' as developed by Karl-Henrik Robert, founder of the environment organization. "The Natural Step".
- (b) Explain the difference between Absolute measure approach and relative measure approach which are used in context to "Sustainable Value Added (SVA)".

(5 marks each)

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