

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 10

NOTE : Answer ALL Questions.

PART-I

1. (a) X & Y LLP had a turnover of ₹ 10 crore and the total obligations of contribution of partners was ₹ 40 lakh. The Designated/Managing Partner is of the view that the company does not require a company secretary to certify the Annual Return of the LLP, so the e-form need not be certified by a Company Secretary in Practice. Citing the relevant provisions, state whether the Managing/Designated Partner's view is correct.

(5 marks)

- (b) Tarun got the membership on 30th June, 2014 as an Associates Member as well as the Certificate of Practice of the Institute of Company Secretaries of India. He has passed the Insolvency professional examination on 1st January, 2023. On 31st March, 2023, he has applied for membership of Insolvency Professional. Citing the relevant provisions, examine whether he can do so ? Explain the role of a Company Secretary as an Insolvency professional.

(5 marks)

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- (c) There are some charges on the properties which are created/acquired by a foreign company, FT Ltd. Whether this transaction requires registration of charges ? Give any *two* examples of the transactions requiring registration of charges. Also specify the Form No. in which the register of charges is to be kept at the register office.

(5 marks)

- (d) The Board of Directors (BOD) of CTZ Ltd. thinks that the documents, register, index, agreement, memorandum & minutes maintained by the company in electronic form, after getting it dated and signed digitally are capable of being edited or altered subsequently under their powers. Is the contention of BOD of CTZ Ltd. correct ? Explaining the meaning of document and records, elucidate the manner in which the records in electronic form should be maintained as per the provisions contained in the Companies Act, 2013.

(5 marks)

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

2. (a) State the relevant provisions in each of the following situations as per to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) [SEBI (LODR)] (Third Amendment) Regulations, 2021 vide SEBI notification dated 31st August 2021 effective from 1st January 2022.
- (i) Time Period required for approval of shareholders for the appointment of a person on the Board of Directors for a listed entity.

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- (ii) Independent Directors to be included in the composition of nomination and remuneration committee.
- (iii) Approval required for the appointment, re-appointment or removal of an independent director of a listed entity.
- (iv) Extension of number of companies for the requirement of undertaking directors and officers insurance.
- (v) Period of elapse required for the appointment of independent director who resigns from a listed entity.

(5 marks)

- (b) “The strength of a folder and file naming convention under documents in electronic form is dependent on the proposed naming structure and the quality and quantity of the data elements chosen to build it.” With reference to this, correct each of the following statements, specifying the basic rules that could serve as a basic guideline in structuring folder and file naming, along with the reason associated with it :

- (i) C:/Crescent Milky Way/Financial Year/2022-23/Annual Return/Form MGT-7.doc
- (ii) Rose Merry TPS 8312 9 POLICY 2022 12 22. pdf II White Paper Structured file naming strategy.doc

(2+3=5 marks)

- (c) SS Ltd. wants to appoint Pai as a Technical Director of the company. Pai has requested for a search report before becoming the Director of SS Ltd. in order to know more details of the company. In the meantime, SS Ltd. approached a bank for a

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loan/credit facility and the bank has asked for a search report. Whether the search report required for above two purposes is same ? Elaborate each case citing the scope of search report.

(5 marks)

- (d) Explain the three R's characteristics of Enhanced Due Diligence (EDD) in KYC along with the meaning of EDD.

(5 marks)

OR (Alternate Question to Q. No. 2)

- 2A. (i) LPK Ltd. alleged that the Good Corporate Governance demands compliances level that match the intentions of legislature, expectations of stakeholders and requirements of regulators. Is the contention of LPK Ltd. correct ? Explain the categories of compliances with examples. Also state the relation between the categories of compliances.

(5 marks)

- (ii) You as a Company Secretary in Practice, are asked by your new client FFT Ltd. for restoration of ACTIVE non-Compliant company to the ACTIVE Compliant company in the records of Registrar of companies. Explain the provisions of ACTIVE Compliant companies indicating :

- (a) Requirement of filling e-Form ACTIVE.
 (b) Exclusions by reason of non-compliance.
 (c) Restoration of status as ACTIVE COMPLIANT company, if FFT Ltd. files e-Form ACTIVE, on 26th June, 2022.

(1+2+2=5 marks)

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(iii) S, a director of VCT Ltd. wants to know from you as an expert of Company Law for consequences for non-filing of Annual Return of the Company. Explain the provisions of the Companies Act, 2013 from the company's point of view.

(5 marks)

(iv) You are asked as a Company Secretary in whole time employment by the Chief Finance Officer of your company, PK Food Ltd., to list out the specific laws applicable to PK Food Ltd. engaged in food processing industry. List-out any ten laws in this regard.

(5 marks)

PART-II

3. (a) FDF Company, an unlisted public company had paid-up share capital of ₹ 51 crore and turnover of ₹ 150 crore during the preceding Financial Year (FY) 2022-23. The company had outstanding loans and borrowings of ₹ 100 crore & outstanding deposits of ₹ 25 crore on 31st March, 2023. The company didn't appoint the internal auditor saying that the loans and borrowings & deposits were not outstanding during the preceding full previous year, but they were outstanding only for one day that too on the last day of the FY i.e. on 31st March, 2023. Was the stand of the company correct ? You as a Company Secretary in Practice, are asked to examine the applicability of the appointment of internal auditor considering the provisions of the Companies Act, 2013.

(5 marks)

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(b) Answer each of the following as per the amended rules i.e. Clarification on spending of CSR funds for “Har Ghar Tiranga” campaign (MCA General Circular No. 08/2022 dated 26th July, 2022) and the Companies (Corporate Social Responsibility Policy) Amendment rules, 2022 (MCA notification no. G.S.R.715(E) dated 20th September, 2022) :

- (i) If the total Corporate Social Responsibility (CSR) expenditure done by a company in previous Financial Year (FY) 2022-23 is ₹ 30 crore, then how much amount shall the company undertaking impact assessment may book towards CSR for the FY 2022-23.
- (ii) Give a clarification on spending of CSR funds for “Har Ghar Tiranga” Campaign.
- (iii) What should the company do if there are any particular funds in their “Unspent Corporate Social Responsibility Account”.
- (iv) What are the information to be provided by all company’s in the new format for annual report on CSR activities ?

(2+1+1+1=5 marks)

(c) P, an auditor of SPH Ltd. had conducted the audit for the previous period and is requested to conduct the audit for subsequent period as well. The period of engagement of the audit has not expired and there are no revised terms. So, it is assumed that fresh audit engagement letter will not be required. Is it correct for the recurring audit engagement ? Specify the situations when the audit engagement letter will be required. Explain the criteria for declining/withdrawing for an audit engagement.

(5 marks)

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4. (a) Jai is a Fellow Member of the Institute of Company Secretaries of India and he was convicted by a competent court of USA. He is applying for Peer Reviewer. Advise him as an expert for empanelment of peer reviewers whether he is eligible to apply for Peer reviewer.
- (b) Explain various types of civil quasi-judicial actions/proceedings, which the Securities and Exchange Board of India (SEBI) is empowered to initiate to protect the interest of investors and to regulate the securities market.
- (c) What are the main purposes for an interview in context of an audit ? Can all these purposes be used together at the same time ? Briefly discuss.
- (d) Evidence gathering is an iterative process. Comment.
- (e) J is a Practicing Company Secretary. He had taken a personal loan of ₹ 75,00,000 from LKP Ltd. He has used such loan towards purchase of his house which has been mortgaged with LKP Ltd. Due to some financial crisis, J has not been able to repay any amount towards the loan since past 2 years. J has been offered to undertake the Secretarial Audit of LKP Ltd. Can J accept the offer to undertake the Secretarial Audit of LKP Ltd. ? Provide justification in support of your answer.

(3 marks each)

5. (a) Why Escrow Account is maintained and what are the partners to it ? Calculate the escrow amount, if the consideration payable for an escrow account for a transaction under the public offer action is ₹ 860 crore.
- (b) A reckless waste of firm's assets by speculating on the stock market and incompetence/negligence in managing business of Lee Ltd., apart from omission, or perversion of truth and failure to file information and report were noticed. The management of Lee Ltd. was in a dilemma whether to treat all these as fraud or non-compliance. Provide a note to the management of Lee Ltd. as a Practising Company Secretary regarding how to differentiate between Fraud and Non-Compliance.
- (c) Decide the applicability of Secretarial audit of following companies for the year ending on 31st March, 2023 on the basis of information available as per latest audited financial statement, citing the relevant provisions of the Companies Act, 2013 :
- (i) ABC Ltd. (unlisted) having paid-up capital of ₹ 45 crore as on 31st December 2023 & further, the company has increased paid share capital by ₹ 10 crore on 30th June 2023.
- (ii) Z Ltd. (unlisted) having a turnover ₹ 200 crore on 31st December 2022 and finally the company achieved the turnover of ₹ 300 crore on 31st March 2023.
- (iii) LF Private Ltd. was having outstanding term-loan with X Bank of India for ₹ 150 crore as on 30th September 2022 and it was reduced to ₹ 125 crore as on 31st March 2023.

(5 marks each)

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

6. (a) R is a new female trainee in your firm, SKK Ltd. Explain her about the permanent file and its main contents in relation to auditor's working papers.
- (b) The Company Secretary in employment as well as in practice is entrusted to ensure the compliance of applicable Secretarial Standards and report on compliances. Elucidate.
- (c) As an exhaustive list of countervailing factors is not possible, so auditors strive to develop such characteristics in their audit firms, wherever possible to provide safeguards against the threats to objectivity. Enumerate such characteristics. Also explain in brief what do you mean by the Principle of Contradictory Process and Exit Conference.
- (5 marks each)

OR (Alternate Question to Q. No. 6)

- 6A. (i) S Ltd. was engaged in the business of providing services of tours & travels. The management of S Ltd. was very much worried, as the amount of resources used were out of proportion to the amount of services provided. Excessive wastes were also noticed. Advise S Ltd. about the audit that should be conducted in order to evaluate such situation. Specify the types of this audit, also explain the need of this audit.
- (5 marks)

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- (ii) Materiality consists of both quantitative and qualitative factors. Materiality is often considered in terms of monetary value but the inherent nature or characteristics of an item or group of items may also render a matter material. List the issues that may be considered material even if the monetary value is not significant. Is materiality not a matter of professional judgement ? Explain.

(5 marks)

- (iii) ILFS fraud was the largest corporate fraud in India and triggered a slowdown in the economy. Elucidate the statement covering how fraud was perpetuated in this case.

(5 marks)

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