

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-I**

1. Rakesh is the Managing Director of ABC Co. Ltd., a listed company having its registered office in Bangalore. In December, 2018 an allegation of the Managing Director's immediate family members and Alfa Co. Ltd. which got a ₹ 1,000 crore contract from ABC Co. Ltd. entering into a *quid pro quo* deal surfaced in the public domain. The matter was personally enquired by the Chairman of the Board of Directors and nothing improper was found. In March, 2019 another complaint from an anonymous "Whistle Blower" was received alleging non-adherence to code of conduct, conflict of interest and *quid pro quo* by the Managing Director while dealing "with certain customers."

The allegations were refuted by the Board of Directors of ABC Co. Ltd. as "being malicious and baseless" but when the controversy started getting blown out of proportion the company stated in a regulatory filing that its Board had decided to institute an independent enquiry in the matter and pending such enquiry, the Managing Director had been asked to go on leave. The enquiry revealed that Rakesh did not make proper disclosure about his family links with the corporate customer to the Board. It also transpired that Rakesh gave scant respect to "conflict of interest and due disclosure or recusal requirements" while awarding

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contracts to Alfa Co. Ltd. with which his close family members had business interests. Upon the findings of the enquiry being made public, Rakesh resigned and the company stated that it will treat his resignation as “termination for cause” and will also stop payments of unpaid benefits due to him.

In the background of the aforesaid case, answer the following questions :

- (a) How, if so, has Rakesh failed to discharge his duties as a director of ABC Co. Ltd. ? Which regulations of the SEBI LODR have been breached by him ?
- (b) State the characteristics of an effective Board of Directors.
- (c) Analyze the performance of the Board of Directors in handling the complaints against Rakesh, the Managing Director of ABC Co. Ltd.
- (d) Discuss the principles for Corporate Governance in order to improve the practices followed by ABC Co. Ltd. to prevent such situations from recurring.

(5 marks each)

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

- 2. (a) Write a short note on Dividend distribution policy.  
(5 marks)
- (b) “A responsible business activity contributes to good public policy and to human rights in the communities in which it operates.” Explain the responsibilities of business provided in the Caux Round Table’s (CRT) Stakeholder Management Guidelines.

(5 marks)

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- (c) The Audit Committee of Polar Ltd., a company listed with BSE, consists of three directors, Ashish, Nitin and Rekha. Ashish is the chairman of the Audit Committee and is also the CEO of Polar Ltd., Nitin and Rekha are independent directors and all three directors are financially literate. Rekha is a Chartered Accountant with more than 15 year's experience in finance and accounting.

Discuss the above constitution of the Audit Committee in the light of the legal requirements in this regard.

(5 marks)

**OR (Alternate question to Q. No. 2)**

- 2A. (i) KLIP Travels Ltd. (KLIP) is a BSE listed company in the travel industry. Arun Kumar is the Chairperson of KLIP. There has been a major re-shuffle in the composition of the Board of Directors of KLIP with several old directors retiring and many new individuals inducted as directors. The Chairperson of the company, Arun, is keen to give an Induction kit to the newly inducted members on the Board but is unsure of its contents. As the Company Secretary of KLIP, prepare the induction kit.

(5 marks)

- (ii) You are the Company Secretary of XYZ Insurance Co. Ltd. The Board of Directors of your company requires you to draw up a policy based on the principles spelt out in the stewardship code for insurers in India.

(5 marks)

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- (iii) Discuss the need for Internal Audit as a tool for Corporate Governance in the present day organizations.

*(5 marks)*

3. Write short notes on :

- (a) Factors to be kept in mind for planning to mitigate compliance risk.
- (b) Mission and objectives of International Corporate Governance Network (ICGN).
- (c) Regulation 30(3) of SEBI (LODR), 2015 regarding disclosure of events upon application of materiality guidelines.
- (d) Matters that cannot be discussed in a Board meeting conducted through Video-conferencing.
- (e) Matters to be discussed under “Management Discussion and Analysis” to be disclosed in Annual Report of listed companies.

*(3 marks each)*

## **PART-II**

4. (a) Discuss in brief Enterprise Risk Management, its components and limitations.

*(5 marks)*

- (b) “Risk analysis is an essential tool and one that could save time, money and reputations.”

Explain the statement and bring out the use of risk analysis.

*(5 marks)*

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(c) “Non-financial risks do not have direct and immediate impact on business, but the consequences are very serious and later do have significant financial impact as well if not controlled at the initial stage.” List the non-financial risks encountered during the course of business by a business entity.

(5 marks)

(d) What is meant by handling of risk ? Explain risk retention as a method of handling risk.

(5 marks)

### PART-III

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

5. (a) Describe the essentials of an effective compliance program.
- (b) “Internal control can help an entity in achieving its objectives but it is not a panacea.” Discuss.
- (c) What do you mean by Corporate Sustainability Reporting ? Discuss the benefits and key drivers of sustainability reporting.
- (d) You are the Company Secretary of Super Chef Ltd. Shirley, the newly appointed CEO of Super Chef Ltd. is not clear about the concept of internal control and her role and responsibilities with regard to internal controls of the company. She approaches you to understand the same. Prepare a short note to brief Shirley on Internal control and her role and responsibilities in this regard.

(5 marks each)

**OR (Alternate question to Q. No. 5)**

- 5A.** (i) The Board of Directors of Fresco Pvt. Ltd. is in the process of reviewing the list of laws applicable to the company. As the Company Secretary of Fresco Pvt. Ltd., advise the Board on the components of a robust internal compliance reporting program.
- (ii) “Corporate reporting is an essential means by which companies communicate with investors as a part of their accountability and stewardship obligation.” Comment and list out the expected information required by investors.
- (iii) “Risk can arise or change due to circumstances.” Comment and point out the circumstances which result into risks for an entity.
- (iv) “Internal check refers to allocation of duties in a scientific way so that no one is responsible for all phases of the transactions.”

Explain the essential features of Internal check in the light of above statement.

*(5 marks each)*

**PART-IV**

- 6.** (a) A ‘Code of Ethics’ and a ‘Code of Conduct’ are often confused or used interchangeably. Discuss.
- (b) Explain the concept and need to apply the Triple Bottom approach for CSR.

*(5 marks each)*