

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. (a) Z Finance Pvt. Ltd. (Z) is a deposit taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and incorporated on 7th January, 2020. Z is engaged in the business of lending and accepting deposits. The newly appointed statutory auditor of the company advised the board that the company should have board committees in place as part of corporate governance compliances, but the board of directors disagreed as the company was newly incorporated private company. Do you agree with the advice of the statutory auditor ? Explain in brief. Would your answer have been different if Z had been a non-deposit accepting NBFC ?

(5 marks)

- (b) M/s. LMN & Co. Chartered Accountants have been appointed as the statutory auditors of AB Ltd. for the financial year 2019-20. During the course of their audit, certain transactions were observed to be irregular and on further scrutiny, the auditors uncovered a series of fraudulent transactions involving the Sales Manager and the Finance Manager. The amount involved was ₹ 50 lakhs. Under the circumstances, explain the reporting responsibilities of M/s. LMN & Co.

(5 marks)

: 2 :

- (c) P Ltd. is a listed company having 10 directors but only 9 were present in a particular board meeting. What would be the quorum required for the board meeting ? The number of interested directors in respect of an agenda item is 7. What would be the quorum in such a case ? Discuss with reference to Secretarial Standard-1 (SS-1).

(5 marks)

- (d) SBL Limited is an unlisted public company having paid-up share capital of ₹ 10 crores and turnover of ₹ 300 crores. The Board of directors comprise of one nominee director, five non-executive directors, two non-resident directors and one managing director. Is the composition of the Board of directors valid ? Answer with reasons.

(5 marks)

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

2. (a) Discuss, in brief, the actions the institutional investors in a listed company may take under the UK Stewardship Code if they are dissatisfied with the board's response to their concerns on the performance of the company during the previous financial year.

(5 marks)

- (b) During the course of the statutory audit of Y Ltd., a listed company, it was observed for the first time that there are shares in the demat suspense account. State the disclosure requirements in this regard in Y Ltd.'s annual report.

(5 marks)

: 3 :

- (c) “Shareholders and stakeholders are both associated with a corporation, but their interests in the organization differ.” Explain with reference to stakeholder theory.

(5 marks)

OR (Alternate question to Q. No. 2)

- 2A. (i) You are the company secretary of Q Ltd., a listed company. The Chairman of the Board of directors of Q Ltd. is concerned that the CEO of the company will be reaching his retirement age in a couple of years. He is vaguely aware that the company has a succession planning policy in place, but seeks your advice on the nature and best practices for succession planning.
- (ii) Prepare a detailed note on Institute of Directors for promoting good corporate governance for UK business.
- (iii) “Company law’s central dilemma has been the separation of ownership and control in companies.” Comment.

(5 marks each)

3. (a) M Ltd. is a listed entity having a paid up equity share capital of ₹ 100 crores. The company has 1500 small shareholders. It received a notice from 1200 small shareholders proposing Mr. X, a small shareholder as a candidate for the post of small shareholder director. The board of directors of M Ltd. are not interested in the appointment of Mr. X as small shareholder director, as they feel that there are sufficient numbers of independent directors on the board who are taking adequate steps to protect the interests of all shareholders including small shareholders. Can such nomination be rejected. Discuss.

(3 marks)

: 4 :

(b) Whether the receipt of sitting fee for attending the board meeting by an Independent Director from a company would be considered as having pecuniary interest while considering his appointment in the holding company, subsidiary company or associate company of such company ?

(3 marks)

(c) HP Ltd., a Non-Government unlisted company, have paid up share capital of ₹ 20 crores as on 31st March, 2019, it was increased to ₹ 25 crores during the financial year 2019-20. The company secretary advised that the company should have formal annual evaluation of performance of the Board, its committees and all the individual directors. Answer the following questions with reasons :

(i) Discuss the legal provisions in this regard.

(ii) Whether the annual performance evaluation is mandatory based on the provided facts ?

(iii) In the above case, if the company had been a Government Company, what would be your answer ?

(3 marks)

(d) Explain the areas briefly in which Asian Corporate Governance Association (ACGA) works.

(3 marks)

(e) Write a short note on the content of Management Discussion and Analysis.

(3 marks)

: 5 :

PART-II

4. (a) “A Company Secretary plays an important role in controlling the risk management.” Discuss.
- (b) What are the steps involved in risk identification ?
- (c) Discuss briefly the Enterprise Risk Management (ERM). Explain the components derived from the way management runs an enterprise and are integrated with the management process.
- (d) Discuss the roles and responsibilities of the personnel of an entity in enterprise-wide risk oversight.

(5 marks each)

PART-III

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

5. (a) Define compliance. What is the difference between compliance and conformance ?
- (b) Write a short note on reporting principles and standard disclosures under Global Reporting Initiative.
- (c) Discuss the guiding principles for preparation and presentation of an integrated report.
- (d) Define internal audit. What are the main aspects of internal auditing ?

(5 marks each)

OR (Alternate question to Q. No. 5)

- 5A.** (i) “Internal control is a part of the internal check system.” Discuss.
- (ii) Define financial reporting. What are its main components ?
- (iii) State in brief, the components of internal control under the framework of the Committee of Sponsoring Organizations (COSO).
- (iv) Specify, in brief, the information to be disclosed in board’s report.

(5 marks each)

PART-IV

- 6.** (a) “The Prevention of Corruption Act, 1988 enacted to combat corruption in public sector and not in the private sector businesses of India.” Do you agree with the statement ? Justify your answer with the help of provided provision in the Prevention of Corruption Act, 1988.
- (b) Explain the Economic Value Added (EVA) and how it is helpful in calculating the true economic profit of an enterprise ?

(5 marks each)

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