

*Roll No. ....*

*Time allowed : 3 hours*

*Maximum marks : 100*

*Total number of questions : 6*

*Total number of printed pages : 7*

*NOTE : Answer ALL Questions.*

**PART-I**

1. ABC Ltd. is a public limited company listed on NSE and BSE. The company is enjoying cash credit limit of Rs 10 crores with Trust Bank against the book debts. The said cash credit limit is renewed from time to time and for this purpose the Trust Bank requires the financial papers from the company which include the Balance Sheet and Profit and Loss Account, list of sundry debtors (with age-wise outstanding) and projected financial data viz: Turnover, Profit, Non-performing debtors etc.

The company was in the process of the finalisation of its annual accounts as of 31st March, 2018 and the same was to be put before the Audit Committee of Board (ACB), meeting of which was schedule to be held on 5th July, 2018, for recommendation to the Board of Directors. The CC limit with the Trust Bank which was due for renewal from 31st March, 2018, renewed on ad-hoc basis for three months only on the basis of provisional data, subject to the submission of final papers, else the CC limit account of the company will turned in to non-performing account. Since the Trust Bank also wants the CC Limit account in performing status, it insisted the company to submit the final data even before the approval of the ACB/ Board in order to renew the limit and prevent the account from turning into NPA.

: 2 :

Based on the above facts the Company approaches you, being a Corporate Law Consultant.

Answer the following queries raised by the ABC Ltd. :

- (a) Whether HP Ltd can provide the financial information (which is price sensitive information) to its banker without getting it perused and approved by the ACB and Board ?  
Quote your answer with relevant provisions of law.
- (b) If the Manager of the Trust Bank Branch, where the CC Limit account is maintained, is provided the unapproved financial papers and on the basis of these financial papers, he comes to know that company has shown profit with a rise of 20% from the previous year, so he purchased the shares of the company from the market with lesser price (in expectation of high jump in price after declaration of the result). When the results were officially declared by the company, the shares jumped to 30% and the branch manager off loaded the purchases so made. Whether the Manager will be treated as Insider as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 ?
- (c) What are the provisions relating to the trading when a person is in possession of unpublished price sensitive information as per the SEBI (Prohibition of Insider Trading) Regulations, 2015 ?
- (d) What are the penal provisions for insider trading as prescribed in the Companies Act, 2013 and SEBI Act, 1992.

(5 marks each)

: 3 :

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

2. (a) The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises. Elucidate the statement.
- (b) Dr. Ganguly Committee recommended some Corporate Governance norms which are applicable only to private sector bank. What were these recommendations ?
- (c) Whether the rule of majority, was established in the case of Foss v. Harbottle [(1843) 67 ER 189], is still relevant ? Narrate your answer with relevant provisions of the Companies Act, 2013 and in light of the decided case law.

*(5 marks each)*

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

- 2A. (i) What is the Code for Stewardship for the insurers ?
- (ii) “The NFRA is an independent regulator established under Section 132 of the Companies Act, 2013 to oversee the auditing profession”. Discuss.
- (iii) Write a brief note on “The ICSI National Awards for Excellence in Corporate Governance”.

*(5 marks each)*

3. (a) A successful compliance-risk management program which is an essential for sound and vibrant operational system contains certain elements. Point out such elements.
- (b) CSB Ltd. a Listed Company is holding a Meeting of Board of Directors. The Agenda Items inter alia include the item for approval with respect to declaration of Interim Dividend for current fiscal. However, information of the Meeting as well as for closing of the trading window has already been intimated to the Stock Exchange. There are 7 members on the Board of Directors. On the date of Meeting, 2 Directors were out of Country, whereas the remaining Directors were present in the Meeting. The Directors in abroad were willing to participate through video conferencing. One of the Independent Directors objected that the item for declaration of Interim Dividend can't be discussed through video conferencing and should be deferred for ensuing physical meeting of Board of Directors.
- Examine in the light of the provisions of the Companies Act, 2013 and list out the matters which shall not be dealt with in any meeting held through video conferencing or other audio visual means.
- (c) Which categories of companies are required to have Audit Committee of Board (ACB) as per the Companies Act, 2013 and as per the SEBI (LODR) Regulations, 2015.
- (d) Highlight the OECD Principles of Corporate Governance with respect to Disclosures and Transparency.
- (e) Write a brief note on Caux Round Table (CRT).

(3 marks each)

: 5 :

**PART-II**

4. (a) Whether Risk Management and Corporate Governance Principles have any relations ? Explain.
- (b) What are the different dimensions of identifying threats in Risk Analysis process ? In a company there is a probability of increase of 40% cost of raw material from present level of Rs 10 crores. What shall be risk value of cost of production ?
- (c) While conducting the Audit, Secretarial Auditor found that by forged signature, accountant had transferred huge amount in dummy account. There was a big financial scam in the organization. Reporting on fraud, Management has desired that a Risk Management Policy to detect and control the Fraud be prepared. Being a Company Secretary, point out the major aspects to be included in Fraud Risk Management Policy.
- (d) Point out the situations where the Risk Analysis may be useful.

*(5 marks each)***PART-III***Attempt all parts of either Q. No. 5 or Q. No. 5A*

5. (a) You have been appointed as Company Secretary of a newly incorporated public limited company, which is engaged in providing logistic services across India. The company has come out with a public issue and its shares are listed at BSE and NSE. How would you implement a Corporate Compliance Management culture in the company ?

*(5 marks)*

: 6 :

(b) You are a company secretary of a listed company. The company has borrowings from the Banks/FIs worth Rs. 75 crores, which is in the form of Term Loan and Working Capital Finance. You noticed that the company is not having Vigil Mechanism in place. Suggest the suitable strategy to the Board for establishment of Vigil Mechanism in the company quoting the relevant provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

(5 marks)

(c) Apart from Statutory Audit, for some class of companies, Internal Audit is also mandatory. Which companies are required to have Internal Audit as per the provisions of the Companies Act, 2013 ?

(5 marks)

(d) What are the Financial Information which are required to be disclosed on website of the Company as per Regulation 46 of SEBI (LODR) Regulations, 2015 ?

(5 marks)

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

**5A.** (i) “A corporate compliance program is a formal program specifying an organization’s policies, procedures and actions within a process to help prevent and detect violations of laws and regulations”. In this context discuss the essential of an effective compliance program.

(5 marks)

: 7 :

(ii) Internal check and internal control are two frequently used terms in risk management and compliance. Explain the meaning of Internal Check and Internal Control and also mention how these two are different from each other.

(5 marks)

(iii) In addition to the Financial Capital, the Integrated Reporting examines five additional capitals that should guide an organisation's decision-making and long-term success. Which are these five additional capitals ?

(5 marks)

(iv) Explain the scope of “Administrative Control”.

(5 marks)

## PART-IV

6. (a) What is Risk-adjusted return on capital (RAROC) and how is it calculated ?

(b) Discuss in brief the composition of Lokpal and its powers.

(5 marks each)

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