

Roll No.

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 9

NOTE : Answer ALL Questions.

PART-I

1. (a) Citing the relevant rules as per the Preservation Policy specified in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) [SEBI(LODR)] Regulations, 2015, indicate the date up to which each of the following records should be preserved :
- (i) Last entry was done on 30th September 2018 in Corporate Social Responsibility records,
 - (ii) Event completed on 31st August 2020 in Insurance records, Policies and claims.
 - (iii) Last transaction took place on 30th June 2019 on Payroll records of the employee,
 - (iv) Event completed on 20th September 2022 regarding Proof of sending drafts minutes of the Board/Committee and its delivery, and
 - (v) Personal file of all live employees. Employee retired on 30th April 2022.
- (1×5=5 marks)
- (b) The Board of A-to-Z Ltd., a listed entity incorporated under the Companies Act, 2013 asked you as a Practicing Company Secretary (PCS) to present through a power point presentation the process for setting up of Compliance Framework in the Secretarial Department of the company. Prepare one slide indicating various stages required in this regard.

(5 marks)

: 2 :

- (c) XYZ Ltd., a listed company incorporated under the Companies Act, 2013 is engaged in manufacturing of electronics items. The company has undertaken a programme for development of local vendors for outsourcing of some critical components. The Managing Director (MD) of the company called a meeting on finalization of assessment criteria of the vendors. The meeting was attended by Directors of concerned departments of Production, Quality control, and Purchase departments. During the meeting the Director (Quality) briefed on the functional uses of some critical parts saying that the vendors having the quality products with precision should be given preference over the vendors capable of supplying mass products and having old technology of production. On the other hand, the Director (Production) raised the doubts on the capability of local vendors to supply quality products with precision and proposed to compromise the quality with cheaper mass products in order to meet the targets of final product for next two years till some vendors are developed.

The MD of the company asked V, a Practicing Company Secretary (PCS), to submit him a note on the cited situation and how to resolve such situations suggesting a checklist for any *six* transparency traits for the company. Submit it.

(5 marks)

- (d) 24 × 7 & Co. is recently set up professional firm of Company Secretaries on 10th June 2023. P, the managing partner of the firm wants to understand that whether they can given advertisement in Urban Clap, Justdial or any other aggregator of similar category to get more professional opportunity to render its various services. Explain various provisions, the restrictions imposed and the consequences as per the Institute of Company Secretaries of India (ICSI) (Guidelines for Advertisement by Company Secretaries), 2020 in this regard.

(5 marks)

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

2. (a) The Compounding order for an offence under the Companies Act, 2013 in case of VVC Ltd. was issued by the compounding authority for offences by the company and the Directors of the Company as Officer in Default. The Company VVC Ltd. has paid the compounding fee. However, one of the Directors who is also a party to the compounding as officer in default feels that compounding fee is high and he would like to go for an appeal against the Order of Compounding Authority. Evaluate whether the aforesaid Director of VVC Ltd. will be allowed to make an appeal against the high compounding fee, imposed on him by the Compounding Authority.
- (b) The rules notified by MCA Notification G.S.R. dated 9th November, 2023, conferred under section 79 of the Limited Liability Partnership Act, 2008, directs to regulate and identify significant beneficial owners in Limited Liability Partnerships. Elucidate.
- (c) There is a prescribed procedure for holding of Inquiry as per Rule 4 of the Securities and Exchange Board of India (SEBI) (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 followed by order of the Board. Elucidate.
- (d) SS is a practising company secretary and partner of SS & Associates (PCS firm) having experience of more than 15 years. K is her employee who is also company secretary and working with them from the past 5 years. SS was not well and so she was not visiting office and hence since the last date was approaching, K signed the Secretarial Audit Report of AD company on behalf of the firm. Whether this action done by K is appropriate as per the legal framework governing company secretaries ? Explain the purpose and due care to be taken in this regard.

(5 marks each)

OR (Alternate Question to Q. No. 2)

- 2A. (i) M, a Practising Company Secretary has been offered for conducting the Secretarial Audit of TR Ltd. in the current year. Last year, it was done by PL & Associates (PCS firm), a firm of Practising Company Secretary. M has talked on the telephone with PL and Associates (PCS firm) to confirm that no other company secretary other than him has been appointed. Subsequently, M has prepared his Secretarial Audit Report as per the applicable provisions. Now PL & Associates (PCS firm) has made a complaint before council of the Institute of Company Secretaries of India (ICSI) that it is professional misconduct on part of M. Explain who is correct M or PL & Associates (PCS firm) based upon the legal framework governing Company Secretaries. Will your answer be different, if M has been appointed for issuing certificates as contemplated as per the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) [SEBI (LODR)] Regulations, 2015.

(5 marks)

- (ii) State the case details of Punjab National Bank which was based on Values, Ethics and Professional Conduct and due to which Reserve Bank of India has to discontinue the practice of LOUs/FLCs for trade credits for Import into India.

(5 marks)

- (iii) The Registrar of Companies (ROC) *suo moto* on internal investigation conducted after suspicion on the information contained in some documents and returns filed by

: 5 :

BPK Ltd. under the Companies Act, 2013 found that the certifying professional has furnished wrong/false/misleading information or omission of material facts to the Government under his signature. What actions can be taken by the Regulator under Companies (Registration Offices and Fees) Rules, 2014 against certifying professional in this regard ?

(5 marks)

- (iv) Dr. Ltd. is a listed entity incorporated on 11th January 2018 under the Companies Act, 2013 having its registered office at a State X in the country. The company has a paid-up capital of INR 100 crore and turnover of other INR 500 crore during last three preceding financial years. The company at present has thirteen lakh shareholders. B, one of its shareholders inspected the companies' records at the registered office and found that register of members is not properly maintained and accordingly complained to the Registrar of Companies (ROC). During the course of inquiry, it was noticed that the register of member was found to be incomplete. Based on the above fact and citing a leading case you are required to explain as to who is responsible for maintaining a register of its member and related provisions as per the Companies Act, 2013.

(5 marks)

PART-II

3. (a) You have been appointed as the Auditor for the purpose of Insider Trading Audit of the GTK Limited. Define insider trading and enumerate the considerations you shall take during Insider Trading Audit.

: 6 :

Also indicate Trading window closure period as per Insider Trading Regulation prescribed by Securities Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 in each of the followings :

- (i) Quarter closes on 30th June, 2023 and financial results declared on 18th July 2023.
- (ii) Quarter closes on 30th September, 2023 and financial results declared on 20th October, 2023.

(3+2=5 marks)

- (b) In a training programme exclusively being conducted for the Peer Reviewers, you are asked as a Practicing Company Secretary (PCS) to explain them the guidelines for reporting of Peer Review including componets of Reviewer's report and on the qualification in the Review report, if applicable. Explain.

(5 marks)

- (c) State the relevant provisions in each of the following as per the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) [SEBI (LODR)] (Second Amendment) Regulations, 2023 notified as on 14th June, 2023.

- (i) How the vacancies to be filled in respect of Key Managerial Personnel ?
- (ii) Disclosure of Cyber securities Breach
- (iii) Special rights to shareholders
- (iv) Submission of Financial Results for newly listed entity

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

: 7 :

4. (a) Explain the general categories of assertions that companies make during substantive auditing.
(3 marks)
- (b) What are the Preconditions of accepting/continuing any Audit engagement ?
(3 marks)
- (c) One of the functions of the Internal Audit is to review the Management's expectations and achievements. Elucidate.
(3 marks)
- (d) An incorrect or clear misinterpretation of the facts is one of the causes of misstatement. Elucidate with example.
(3 marks)
- (e) Explain FCRA Due diligence.
(3 marks)
5. (a) The Secretarial auditor should identify and report all events/actions having major bearing on company's affairs in pursuance of applicable laws, rules, regulations, guideline and standards etc. Elucidate.
(5 marks)
- (b) KPJ Ltd. is a manufacturing company that makes parts of Industrial Machinery. The Company has recently undergone change in Management and the new CFO has expressed concern about the accuracy of financial statements prepared by the previous management team. The Company has engaged the B (Independent Auditor) to perform an audit of its financial statements. Explain the Audit techniques used by B which shall help him to identify the potential risk or concerns in the financial statements.
(5 marks)

: 8 :

- (c) J has been appointed as Corporate Social Responsibility (CSR) Auditor for the PS Ltd. He has to guide his team regarding the methodology for CSR Audit. Give any *two* points in this regard. Also prepare a checklist indicating any *six* points for the provisions of CSR under the Companies Act, 2013.

(5 marks)

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

6. (a) Peer Review not only identifies the area where a practicing member may require guidance in improving the quality of his/her performance but also it provides adherence to various regulatory requirements. Elucidate and give the benefits of Peer Reviews.

(5 marks)

- (b) How would Secretarial Auditor go for the “Verification of Corporate Conduct” of XYZ Ltd. and how does he ensure that the Compliance of laws has been done effectively ?

(5 marks)

- (c) JKL Ltd. uses accounting software for maintaining books of accounts during the financial year 2023-24. Citing the relevant feature, the aforesaid software essentially should have in accordance with the notification of the Ministry of Corporate Affairs, explain how does it work and indicate it's any *four* benefits.

(5 marks)

OR (Alternate Question to Q. No. 6)

- 6A. (i) CSAS-2 PARA 5 requires collections of evidence before forming the opinion. Audit evidence is obtained using a variety of Techniques. Discuss the various Techniques used for obtaining Audit evidences.

(5 marks)

- (ii) “Due Diligence” is an analysis and risk assessment of an impending business transaction. It is the careful and methodological investigation with a certain standard of care to ensure that information is accurate and to uncover information that may affect the outcome of the transaction.” Elucidate.

(5 marks)

- (iii) KK Pvt. Ltd. was formed in the year 2016 with a paid-up capital of INR 2 crore. The company is manufacturing solar panel and other electronic parts and supply to the public sector company. In the year 2020, the company raised the paid-up capital to INR 10 crore and turnover during 2019-20 was INR 90 crore and Bank Loan including overdraft limit was INR 50 crore. During the year 2021-22 the company decided to expand the business especially Solar Panel manufacturing business and for this company took loan of INR 60 crore from the Banks and established another unit. Turnover of the company is increased to INR 180 crore during the financial year 2021-22.

D has been the duly appointed the Company Secretary of the company since 2016. D in one of the meetings on 10th May 2022 held with the MD and the CFO of the company, briefed that Internal Audit has to be conducted by the company but the MD was of the view that the KK Pvt. Ltd. was a private company and there was no need of conducting Internal Audit.

Citing the relevant provisions of the Companies Act, 2013 examine whether KK Pvt. Ltd. was required to conduct the Internal Audit. If yes, by whom ?

(5 marks)