

Roll No. 125963.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 12

NOTE : Answer ALL Questions.**PART-I**

1. (a) Sharad Dhagge and Shailesh Jhawar are partners in the DJ and Company (Company Secretarial firm). They have got the Secretarial Audit assignment of MNL Limited, a manufacturing company. Abhilash (Trainee) was appointed for this assignment. Abhilash has been busy with his studies since his examination were approaching and hence, he has not studied the documents in detail and reported all area under the audit to be in order. However, in reality, the documentation related to company secretarial compliances and statements were not correctly maintained by the company. Based on the Abhilash's inputs and without even cross checking the documents, Shailesh Jhawar PCS signed and certified the Secretarial Audit Report of MNL Limited.

Analyze and decide based on the Code of Conduct of ICSI, whether the act of Shailesh Jhawar is appropriate.

(5 Marks)

- (b) PQR Ltd., a growing company, has recently expanded its operations. increasing its turnover from ₹ 500 crore to ₹ 750 crore, and in the process of commencing a new business division. During the year, 3 (three) nos of new laws became applicable, existing legal provisions were re-interpreted by regulators, and judicial developments

widened the liability of directors and officers. An internal review identified 8 (eight) potential areas of non-compliance out of 20 (twenty) applicable laws, with possible penalties ranging from ₹ 10 lakh to ₹ 1 crore, risk of potential operational disruption, and potential reputational damage due to adverse media reporting. In view of these developments and increased stakeholder expectations, the Board has directed the compliance officer to conduct a fresh risk assessment in alignment with the revised business profile.

In the light of the above case, identify the types of risks that should be included in the risk assessment process of PQR Ltd., and explain while identifying inherent risks how the risks drivers could be categorised into legal, financial, business and reputational effects.

(5 Marks)

- (c) Sai Tech Ltd. had implemented a digital document management system for maintaining statutory registers, contracts, and financial statements. During scrutiny under Section 128 and Section 206, it was observed that, file coding and nomenclature included multiple special characters such as ampersands brackets, slashes, commas and percentage symbols in file names. Due to incompatible naming conventions across servers, as a result, several files could not be sorted chronologically, certain backups failed validation, and search results generated incomplete outputs. The authority concluded that careless use of punctuation and special characters in coding created ambiguity and operational risk, thereby amounting to defective maintenance of books and records, reinforcing the principle that standardized and symbol free nomenclature is a compliance requirement and not merely an administrative preference. Do you agree with this, suggest them the best practices for file-naming ?

(5 marks)

: 3 :

(d) You are the Practicing Company Secretary. You have to advise your audit team regarding provision related to Companies Act, 2013 in relation to the Board meeting and its notice related to the board meeting. Answer each of the following questions as per provisions of the Companies Act, 2013 :

- (i) Board meetings of a Limited Company.
- (ii) Board meetings of a Specified IFSC Private Company.
- (iii) Board meetings of a Dormant Company.
- (iv) Notice of Appointment of Auditor to Registrar.
- (v) Notice of the Board meetings at a shorter notice.

(5 Marks)

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

2. (a) Provision of Companies Act, 2013 states that Company has to inform within 30 days after the date of Incorporation and shall submit in Form INC-22 to Registrar of Companies whenever there is a change in registered office. Using the judicial pronouncement of M/s Joy Ice Cream (Bangalore) Private Limited, analyse and decide the consequences of non-filing of Form INC 22 with ROC.

(5 Marks)

: 4 :

(b) Answer each of the following :

- (i) UDIN Guideline, mandatory indication of UDIN and consequences of violation
- (ii) If a Certificate is signed on September 28, 2019, indicate the date UDIN may be generated ideally as well as in exceptional cases.

(3+2=5 Marks)

- (c) “The Companies Act, 2013 casts immense responsibility on the Company Secretaries being the professionals certifying the critical document of Annual Return. Any failure or lapse on the part of PCS may attract penalty both under the Companies Act, 2013 as well as under the Company Secretaries Act, 1980 for professional or other misconduct.” You are a Company Secretary in whole time practice and have the assignment to certify the Annual Return of TKJ Ltd.

In this regard, citing the relevant provisions, inform :

- the threshold limits of Annual Return Certification for TKJ Limited
- applicable e-form for the certification of annual return for TKJ Ltd
- assuming if TKJ Ltd is a small company, what should be the applicable e-form
- which documents must be examined by the PCS for checking of annual return certification ?

(5 Marks)

: 5 :

- (d) A large corporate fraud was detected in a company BNT Ltd. involving manipulation of financial statements and diversion of funds. The matter was investigated by the Serious Fraud Investigation Officer (SFIO) under the Companies Act, 2013. After investigation, SFIO filed a complaint before the Special Court constituted under Section 436. The accused argued that the Special Court could not take cognizance directly and that the matter should first be committed by a Magistrate.

Analyze and decide whether the Special Court can directly take cognizance of the offences under the Companies Act, 2013 without committal by a Magistrate. Specify the offences triable by special courts under Section 436.

(5 Marks)

OR (Alternate Question to Q. No. 2)

- 2A. (i) Ansh Limited failed to file its annual return and certain statutory forms within the prescribed time under the Companies Act, 2013. The Registrar of Companies issued a notice stating that the matter would be adjudicated by an Adjudicating Officer, who may impose a monetary penalty for the default. The directors of the company argued that any offence under the Companies Act, 2013 should be tried only by a court and not by an administrative officer.

With respect to above facts :

- (i) Discuss the concept of adjudication of offences.
- (ii) Explain the genesis of the adjudication mechanism under the Companies Act, 2013.
- (iii) Advise whether the action of the Registrar is justified.

(5 Marks)

- (ii) Wealth Ltd. is a listed company having 1,200 shareholders and debenture holders. The company has traditionally maintained its statutory registers and records in physical form at its registered office. In April 2025, the Board of Directors of Wealth Ltd. proposed to shift the maintenance of all statutory registers, records and documents to electronic form in order to improve efficiency and ensure easier retrieval of information. However, one of the directors raised a concern that the Companies Act, 2013 requires certain records to be maintained physically and therefore questioned whether the company could legally maintain such records in electronic form.

The Company Secretary of Wealth Ltd. referred to Section 120 of the Companies Act, 2013 read with Rule 27 of the Companies (Management and Administration) Rules, 2014, which permits maintenance of records in electronic form subject to certain conditions.

Stating the provision, specify whether Wealth Ltd. can maintain its statutory records in electronic form. Elucidate the manner in which a company can maintain its records in electronic form in accordance with Rule 27.

(5 marks)

- (iii) A group of young Agrotech innovators, calling themselves '*Innovate Aggro*', decided to build a digital platform to link small farmers from little towns with buyers across India. They faced the usual hurdles like burdensome paperwork and uncertainty about government benefits. But India's recent startup reforms helped turn their idea into a formal business.

: 7 :

In the context of the Government of India's ongoing efforts to encourage entrepreneurship and innovation, particularly by simplifying and facilitating the registration of start-ups across the country, including small and medium cities, list out any five specific initiatives/measures which have been introduced recently to reduce procedural hurdles by Government to simplify and facilitate the registration of start-ups, including small and medium cities as per notification dated August 19, 2025 and make the process more accessible to emerging enterprises for Innovate Aggro.

(5 marks)

- (iv) Explain the Compounding Authorities for Compounding of offences under section 441 of the Companies Act, 2013. Differentiate between Compoundable and Non-Compoundable Offences.

(5 marks)

PART-II

3. (a) CS Anupam Gupta worked as Chief Compliance Officer (CCO) with PQR Limited till 31/08/2024. Since he got lucrative offer from XYZ Limited, he could not resist and joined on 1/09/2024 as CCO there. Because of differences of opinion with management, he had to leave that organisation on 31/10/2025. Post this incidence, he was in dilemma and searching for a suitable opportunity.

In the meantime, his friend informed him about an opening with ABC & Company, (Company Secretarial Firm) where he applied and joined with effect from 01/02/2026. Because of his contacts, he was able to secure a secretarial audit assignment for the firm for FY 2026-27 of MNC limited which is the subsidiary of PQR Limited where he already worked as CCO.

Analyse and decide whether ABC & Company should take up the Secretarial Audit Assignment for the FY 2026-27 ?

(5 Marks)

- (b) "Different projects undertaken by Social Enterprises may involve varied social issues and challenges. In such circumstances, the Social Auditor is required to exercise technical judgment in determining the issues that should be subject to inquiry, while also addressing certain minimum mandatory issues."

Explain how addressing these minimum issues during a Social Audit helps in assessing the extent of the social impact, identifying potential social obstacles, and anticipating adverse social effects, thereby enabling measures to avoid, minimize, or offset such effects.

(5 marks)

- (c) You have been appointed as the Secretarial Auditor of Alpha Beta Limited. State what are the preconditions for accepting professional assignment which has to be mandatorily checked by the Auditor ?

(5 Marks)

4. (a) To simplify corporate restructuring and reduce procedural delays, the Government amended the Companies (Compromises, Arrangements and Amalgamations) Rules 2016 via notification dated on 4th September, 2025. Analyse the amendments made and explain which additional categories of companies which are now eligible to undertake mergers or demergers through the fast-track procedure under Rule 25.

(3 marks)

: 9 :

- (b) While performing substantive testing during the audit of a company's financial statements, an auditor may discover certain errors or misstatements in the financial records or supporting documents. In such circumstances, the auditor may require additional audit procedures to be performed and may communicate the observations through a management letter addressed to the management and the Audit Committee. With reference to the provisions of the Companies Act, 2013, explain the reasons why errors or misstatements usually arise in a company's financial statements or records.

(3 marks)

- (c) During the course of an audit, the auditor is required to assess the risks associated with the company's operations and identify critical and high-risk areas to ensure effective audit planning. Explain how an auditor can carry out risk assessment and identify critical and high-risk areas during the audit process.

(3 marks)

- (d) The Quality Review is focused towards evaluation and review of quality of services rendered by members and adherence to various statutory and other regulatory requirements.

Explain how the appointment of Quality Reviewer is done ?

(3 marks)

- (e) The Council of the Institute of Company Secretaries of India (ICSI) has approved the issuance of four ICSI Auditing Standards. The Standards are required to be observed by the Company Secretaries undertaking Audits. The Standards seek to promote best auditing practices, uniformity and consistency while conducting audits. Explain any three of them.

(3 marks)

5. (a) 'The Audit Documents shall contain sufficient information to enable an Auditor, having no previous connection with the audit, to ascertain from such documents the significant findings and conclusions of the Auditor. Audit documents should be comprehensive, understandable with ease and contain all the significant information related to the scope covered under the audit.'

Do you agree with the above statement and discuss why the documentation is important ?

(5 Marks)

- (b) Quality Review is an engagement that needs to be carried out in a manner that ensures that the work performed by the Quality Reviewer and the review team meets the professional standards established by ICSI. A well-planned review engagement ensures that a review is performed in an effective manner.

Explain how the planning in Quality Review should take place ? What aspects Reviewer should consider while framing overall review strategy ?

(5 marks)

- (c) Labour Law Audit envisages a systematic scrutiny of records prescribed under labour legislations by a professional like Company Secretary, who shall report to the compliance and non-compliance/extent of compliance and conditions of labour in the Indian Industry/ Business and in any commercial establishments.

As Secretarial Auditor of the company, state the important points you will take care while doing this Audit under Payment of Bonus Act, 1965.

(5 marks)

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

6. (a) Auditors use various Audit techniques to obtain sufficient and appropriate audit evidence. Mention any ten such techniques.

(5 marks)

- (b) You are partner in CPA & Co (Company Secretarial Firm). Firm has got assignment from MNP Bank regarding the due diligence of ABC Ltd.

Your senior partner has guided you that

“While the RBI Notification has opened up a significant area of practice for Company Secretaries, it equally casts immense responsibility on them and poses a greater challenge whereby they have to justify fully the faith and confidence reposed by the banking industry and measure up to their expectations.”

What is the meaning of this statement and what methodology should be adopted by you for doing Bank due diligence ?

(5 marks)

- (c) Fraud detection and reporting requires the practicing Company Secretaries to focus beyond compliance. Discuss the statement and differentiate between Fraud v/s Non-compliance.

(5 marks)

OR (Alternate Question to Q. No. 6)

- 6A. (i) Internal auditors of NPD Ltd. have completed the internal audit of manufacturing division of the company and now have to communicate in writing the audit engagement result to the management.

What are the objectives of issuing Internal Audit Reports ?

State basic steps of the Audit Report.

(5 marks)

- (ii) Forming of Opinion based on the audit observations is an important part of any audit, as through this process, the outcome of audit is presented in the form of Audit Report to the intended users. Audit *inter alia* involves reporting compliance of or deviations from the applicable laws.

How shall the Auditor consider the materiality while forming his opinion ?

(5 marks)

- (iii) The main objective of appraisal of management decision is to see how decisions are taken by the Management. Discuss the steps in appraisal of Management Decision.

(5 marks)