

Time: Three Hours

Marks: 100

*Instructions:*

1. Students are required to answer *any four* questions only.
2. Use of bare acts or any reference material is not permitted.

Q1.). Cosmic Pvt. Ltd., a leading pharmaceutical company, recorded a net profit of ₹800 crore in the financial year 2023–24. The company has a long-standing reputation for conducting free medical camps and donating medicines through charitable trusts. However, for the last two years, Cosmic Pvt. Ltd. has been channelling its CSR funds entirely toward sponsoring a private medical college run by its own charitable foundation, claiming it aligns with its CSR policy on “health and education.”

An audit by the Ministry of Corporate Affairs (MCA) found that the funds were used primarily for constructing new academic buildings and research laboratories, which would later be used by the company for clinical trials. The company defends its actions as “capacity building for healthcare infrastructure,” a valid CSR activity under Schedule VII of the Companies Act, 2013. In the light of above-mentioned facts analyse whether Cosmic Pvt. Ltd, fulfils the legal and ethical requirements as per Companies Act, 2013 and Companies (CSR Policy) Rules, 2014. Discuss in the light of statutory provisions related to CSR, the principle of indirect benefit and public interest and accountability underlying in CSR provisions.

(Marks 25)

Q2.). Nova-Tech Solutions Ltd., a listed IT company, has an internal Vigil Mechanism as required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Rohit, a senior finance executive, discovered that certain senior management officials were inflating project expenses to divert funds into shell companies. He reported the matter confidentially through the company’s Whistleblower portal. Within two months, Rohit was transferred to a remote branch without any justification, and his performance ratings were downgraded. The Audit Committee later dismissed his complaint as “insufficiently evidenced.”

Subsequently, the same issue was leaked to the media, resulting in regulatory investigation and reputational damage to Nova-Tech Solutions. The company now claims that Rohit violated confidentiality norms by disclosing internal information. On the basis of above-mentioned facts critically examine whether Nova-Tech Solutions Ltd. has fulfilled its legal and ethical obligations under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 regarding

the protection of Whistleblowers. Also, discuss the role of the Audit Committee, the limits of confidentiality, the balance between corporate discipline and transparency and the need of external accountability. (Marks 25)

Q3.). Stark Industries Ltd., a leading manufacturing company, has a Board consisting of 12 directors, including 2 independent directors. During the last financial year, the company entered into several high-value related party transactions (RPTs) with entities owned by the Managing Director's relatives. These transactions were approved by the Board without prior Audit Committee scrutiny, and the disclosures in the annual report were vague.

Subsequently, minority shareholders alleged that the Board failed to exercise due diligence and acted against the company's interests. The company's management argued that the transactions were made "in the ordinary course of business" and therefore did not require detailed disclosure. Meanwhile, one of the independent directors resigned citing "ethical discomfort and lack of transparency" but did not elaborate further in the resignation letter. In the light of facts mentioned critically examine the governance lapses in the above scenario with reference to the provisions of the Companies Act, 2013 and SEBI LODR Regulations, 2015 particularly concerning Board responsibility, role of independent directors, and Audit Committee oversight. Discuss how such cases test the practical effectiveness of corporate governance mechanisms in ensuring accountability, transparency, and protection of minority shareholders.

(Marks 25)

Q4.). Critically analyse the effectiveness of the SEBI (Prohibition of Insider Trading) Regulations, 2015, in curbing the misuse of unpublished price sensitive information (UPSI) in India. To what extent do these regulations strike a balance between market efficiency, information asymmetry, and corporate transparency? Also, discuss the evolving interpretation of "insider" and "UPSI" in light of judicial decisions, and evaluate whether India's insider trading framework adequately addresses ethical dilemmas, compliance challenges, and the difficulty of proving intent in complex corporate environments. (Marks 25)

Q5.). Critically evaluate the extent to which the Companies Act, 2013 has strengthened shareholder democracy in India through provisions on voting rights, class action suits, minority protection mechanisms, and electronic participation in meetings. To what extent do these statutory reforms genuinely empower shareholders, as opposed to merely creating a procedural appearance of participation? Also, discuss the continuing challenges posed by concentrated shareholding patterns, promoter dominance, related-party transactions, and information asymmetry. (Marks 25)

Q6.). "Critically examine how the enactment of the Insolvency and Bankruptcy Code, 2016 has reshaped the corporate insolvency and winding up framework originally governed by the Companies Act, 1956 and Companies Act, 2013. Also, discuss the major limitations of the Companies Act mechanisms and assess how IBC Code, 2016 has successfully achieved its aims of maximizing value, promoting entrepreneurship, and balancing stakeholder interests.

(Marks 25)

