9/6/25 (EVE.)

[This question paper contains 8 printed pages.]

Your Roll No. ....

Sr. No. of Question Paper : 6172 **L**

Unique Paper Code : 2924000030

Name of the Paper : Ethics and Governance in Business (GE)

Name of the Course : **Bachelor of Management Studies**

Semester : IV/VI

Duration : 3 Hours Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. Attempt any **five** questions.

1. Case study-based question. (9+9=18)

Aakash Infra is a BSE-listed company where the Founder, Mr. Mehra, holds 48% of shares and serves as Chairman. The Board consists of 10 members: 5

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are Mr. Mehra's relatives or long-term associates, and 5 are Independent Directors (IDs). Recently, the Board approved a ₹500 crore "Interest-Free Loan" to a private entity owned by Mr. Mehra's son, citing "future strategic synergy." The Audit Committee, headed by an ID who is also a consultant for Mr. Mehra's other firms, cleared the deal without an independent valuation. Minority shareholders are protesting, alleging a breach of Fiduciary Duty and Siphoning of Funds. Meanwhile, the CEO (a professional hire) is being pressured to sign off on the financial statements or face "non-renewal" of his contract.

(a) "The presence of Independent Directors is often a 'structural mask' for promoter dominance in India. "Critically analyze this statement in the context of the above case.

(b) Apply the Kantian Deontological Theory to the CEO's dilemma. If the CEO signs the fraudulent financial statements to save his job and the company's immediate market reputation, is he acting ethically? Justify your answer using the concept of the "Categorical Imperative."

2. Case study-based question. Answer **any three**. (18)

Aijun is the newly appointed CEO of Vayu Electronics, a mid-sized Indian firm aiming for a massive IPO (Stock Market Listing). To attract global investors, the Board pressures Arjun to label their new air purifier series as "100% Carbon Neutral." However, Arjun's internal R&D report reveals that while the product is eco-friendly, the manufacturing process still relies on high-emission coal power. The Board argues that "slight exaggeration" is necessary for the "greater good" of the company's survival and the jobs of 2,000 employees. Arjun must decide whether to sign the misleading marketing campaign or risk the IPO's failure by being fully transparent.

(a) Critically analyze the Board's argument using Utilitarianism. Does the "greater good" of saving 2,000 jobs justify misleading thousands of potential investors?

(b) If Arjun follows Immanuel "Categorical Imperative," what should his decision be? Can the act of "lying for profit" be turned into a universal moral law?

(c) Apply Virtue Ethics to Arjun's situation. Which "Virtues" e.g., Integrity, Courage, Honesty, is Aqun required to demonstrate as a leader in this crisis?

(d) Critically evaluate the situation from the lens of Ethical Egoism. If Arjun chooses to stay silent to secure his own position and bonus, is he acting ethically according to this theory?

(e) Analyze the conflict from the Rights Perspective. Do the potential investors have a "Moral Right" to truthful information, even if it results in a financial loss for the company's current employees?

3. Answer following question. (6×3=18)

(a) "A whistleblower is often seen as a hero by the public but a traitor by their colleagues." Critically analyze the ethical conflict between Organizational Loyalty and the Duty to the Public.

(b) Critically analyze the ethics of Targeted Advertising directed at children or the elderly. Does "Caveat Emptor" (Buyer Beware) apply when the consumer is not emotionally or mentally equipped to make an informed choice?

(c) Critically evaluate the concept of "Inter-generational Equity." Should a company limit its current production and profits to save natural resources for the "next generation"?

4. Case study based question. Answer **any three**. (18)

Infra-Build is a massive infrastructure company following a Multi-Tier Model. It has 15 "Step- down Subsidiaries" (smaller companies owned by the main company). An investigative report reveals that Infra-Build has been "shifting" its losses to these unlisted subsidiaries to keep the main company's balance sheet looking profitable for Foreign Institutional Investors (FIIs). The Board's Audit Committee claims they were unaware because the subsidiaries are "separate legal entities." The FIIs are now threatening to withdraw capital, alleging a total collapse of Transparency and Accountability.

(a) Critically analyze how Information Asymmetry between the Board and the Investors allowed this "Loss Shifting" to occur. Who failed in their Fiduciary Duty?

(b) Aside from shareholders, identify at least three other stakeholders harmed by this lack of transparency. How does this violate the OECD Principles of Governance?

(c) In the context of Corporate Governance Models, critically analyze the risks associated with "Complex Group Structures" (Subsidiaries). Does this structure exist to help business or to hide debt?

(d) Do you believe SEB1 (LODR) regulations are sufficient to stop such "Financial Engineering," or is the problem an Ethical Failure that law cannot fix?

5. Answer following question : (6×3=18)

(a) Critically analyze the Uday Kotak Committee's recommendation on separating the roles of Chairperson and MD/CEO. Why do you think SEBI eventually made this 'voluntary' instead of 'mandatory' for Indian companies?

(b) Critically analyze the regulatory requirements for Related Party Transactions (Section 188). How do these regulations protect minority shareholders from the siphoning of funds by promoters?

(c) Critically evaluate the role of the Nomination remuneration committee (NRC) in determining Executive Compensation. Is the widening gap between CEO pay and worker wages a failure of the NRC's governance, or is it a fair market outcome?

6. Answer any **three** questions. (6×3=18)

(a) Deontology vs. Teleology

(b) Whistleblower

(c) Stewardship Theory

(d) Related Party Transactions (RPTs)