

PAPER

2

INTERMEDIATE COURSE
STUDY MATERIAL
GROUP-I

**CORPORATE AND
OTHER LAWS**
MODULE 2 OF 3



Board of Studies (Academic)
**The Institute of Chartered
Accountants of India**

(Set up by an Act of Parliament)



www.icai.org



<https://boslive.icai.org>

This Study Material has been prepared by the faculty of the Board of Studies (Academic). The objective of the Study Material is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarification or have any suggestion for further improvement of the material contained herein, they may write to the Director of Studies.

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the Study Material has not been specifically discussed by the Council of the Institute or any of its committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

Permission of the Institute is essential for reproduction of any portion of this material.

© THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior permission, in writing, from the publisher.

Basic draft of this publication was prepared by CA. Vandana D Nagpal.

Edition	:	April, 2023
Committee/Department	:	Board of Studies (Academic)
E-mail	:	bosnoida@icai.in
Website	:	www.icai.org
Price	:	₹ /- (For All Modules)
ISBN No.	:	978-81-962488-9-5
Published by	:	The Publication & CDS Directorate on behalf of The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi 110 002 (India)
Printed by	:	

CONTENTS

MODULE 1

- CHAPTER-1: Preliminary
- CHAPTER-2: Incorporation of Company and Matters Incidental thereto
- CHAPTER-3: Prospectus and Allotment of Securities
- CHAPTER-4: Share Capital and Debentures
- CHAPTER-5: Acceptance of Deposits by companies
- CHAPTER-6: Registration of Charges

MODULE 2

- CHAPTER-7: Management and Administration
- CHAPTER-8: Declaration and Payment of Dividend
- CHAPTER-9: Accounts of Companies
- CHAPTER-10: Audit and Auditors
- CHAPTER-11: Companies Incorporated Outside India

MODULE 3

- CHAPTER-12: The Limited Liability Partnership Act, 2008
- CHAPTER-1: The General Clauses Act, 1897
- CHAPTER-2: Interpretation of Statutes
- CHAPTER-3: The Foreign Exchange Management Act, 1999

DETAILED CONTENTS: MODULE – 2

CHAPTER 7: MANAGEMENT & ADMINISTRATION

Learning Outcomes	7.1
Chapter Overview	7.2
1. Introduction	7.2
2. Registers	7.4
3. Annual Return	7.22
4. Pre-requisites of a Meeting.....	7.30
5. Proxies	7.42
6. Voting	7.45
7. Circulation of Members' Resolutions	7.64
8. Representation of the President & Governors in meeting of companies to which they are member	7.65
9. Representations of corporations meeting of companies and creditors.....	7.66
10. Resolutions	7.66
11. Minutes	7.73
12. Inspection of minutes-books of general meeting	7.77
13. General Meetings.....	7.81
14. Applicability of this Chapter to One Person Company	7.91
Summary	7.93
Test Your Knowledge.....	7.97

CHAPTER 8: DECLARATION AND PAYMENT OF DIVIDEND

Learning Outcomes	8.1
Chapter Overview	8.2
1. Meaning of Dividend.....	8.2
2. Types of Dividend	8.4
3. Provisions regarding declaration and payment of dividend	8.7
4. Unpaid Dividend Account (UDA)	8.18
5. Investor Education and Protection Fund (IEPF)	8.20
6. Right of dividend, rights shares and bonus shares to be held in abeyance pending registration of transfer of shares.....	8.25
7. Punishment for failure to distribute dividend within 30 days	8.26
Summary	8.28
Test Your Knowledge.....	8.31

CHAPTER 9 : ACCOUNTS OF COMPANIES

Learning Outcomes	9.1
Chapter Overview	9.2
1. Introduction	9.3
2. Books of account etc., to be kept by company	9.3
3. Financial Statement	9.11
4. Periodical financial results	9.17
5. Re-opening of accounts on Court's or Tribunal orders	9.18
6. Voluntary revision of financial statements or board's reports	9.20
7. Constitution of National Financial Reporting Authority	9.23
8. Central Government to prescribe Accounting Standards	9.32
9. Financial statement, board's report etc.	9.33

10.	Corporate Social Responsibility	9.42
11.	Right to members to copies of audited financial statement	9.63
12.	Copy of financial statement to be filed with registrar	9.69
13.	Internal Audit	9.76
	Summary	9.79
	Test Your Knowledge	9.82

CHAPTER 10 : AUDIT AND AUDITORS

	Learning Outcomes	10.1
	Chapter Overview	10.2
1.	Introduction	10.3
2.	Appointment of auditors	10.3
3.	Removal, resignation of auditor and giving of special notice	10.17
4.	Eligibility, qualifications and disqualifications of auditors	10.24
5.	Remuneration of auditors	10.30
6.	Powers and duties of auditors and Auditing Standards	10.31
7.	Auditor not to render certain services	10.43
8.	Auditors to sign audit reports, etc.	10.46
9.	Auditors to attend general meeting	10.46
10.	Punishment for contravention	10.48
11.	Central Government to specify audit of items of cost in respect of certain companies	10.51
12.	NFRA [National Financial Reporting Authority] and Auditor	10.60
	Summary	10.62
	Test Your Knowledge	10.64

CHAPTER 11: COMPANIES INCORPORATED OUTSIDE INDIA

Learning Outcomes	11.1
Chapter Overview	11.2
1. Introduction	11.2
2. Application of Act to foreign companies	11.4
3. Documents, etc., to be delivered to Registrar by foreign companies	11.5
4. Accounts of foreign company	11.8
5. Display of name, etc., of foreign company	11.12
6. Service on foreign company	11.13
7. Debentures, annual return, registration of charges, books of account and their inspection	11.13
8. Fee for registration of documents.....	11.14
9. Interpretation	11.15
10. Dating of prospectus and particulars to be contained therein	11.16
11. Provisions as to expert's consent and allotment.....	11.19
12. Registration of prospectus	11.20
13. Offer of Indian Depository Receipts	11.21
14. Application of sections 34 to 36 and Chapter XX	11.23
15. Punishment for contravention.....	11.23
16. Company's failure to comply with provisions of this Chapter not to affect validity of contracts, etc.	11.24
17. Rule 12 of Companies (Registration of Foreign Companies) Rules, 2014.....	11.24
18. Exemptions under this Chapter.....	11.25
Summary	11.25
Test Your Knowledge.....	11.26