

SYLLABUS

Paper 11 : Section : II Corporate Laws & Corporate Governance (One paper : 3 hours : 100 Marks)

4. Corporate functionalism in the context of Companies Act & Corporate Laws

- Introduction, Incorporation and its Consequences,
- Financial Structure and Membership,
- Management and Control of Companies,
- Inter-corporate loans, Investments, Guarantees and Security,
- Maintenance of Statutory Books/Registers and Filing of Returns,
- Winding-up,
- Joint Ventures,
- Corporate Accountability,
- Competition Act and Competition Commission,
- Information Act and its corporate implication, Emerging Issues and Concepts
- Merger and Acquisition
- Reason for merger acquisition
- Objective of acquisition
- Gain from merger
- Problem of merger and acquisition
- Issues related to Companies Act 1956, Industrial (Development & Regulation) Act, Sick Industrial (Special Provision) Act, Income Tax Act, SEBI Regulations
- Function of Court
- Reconstruction
- De-merger or division

5. Corporate Governance

- Genesis, Narasimhan Committee and other Committee Recommendations on Corporate Governance,
- Effective Board of Directors and its role,
- Independent Directors and Audit Committee, Remuneration Committee, Nomination Committee;

- Evaluation of effectiveness of Internal Control-Management Accounting applications and Directors' Responsibility Statement;
- Going Concern status-financial and other indicators, role of management audit, evaluation of going concern uncertainties;
- Related party transactions and disclosures;
- Project management audit and corporate governance;
- Relevance of Risk Evaluation and Risk management;
- Evaluation of key financial decisions and disclosures;
- Management Audit for investors' protection in the context of Corporate Governance,
- Corporate Governance Norms as prescribed by SEBI,

Paper - 11
CAPITAL MARKET ANALYSIS AND CORPORATE LAWS
PART - II

Contents

STUDY NOTE - 1 : COMPANIES ACT 1956

Sl No	Particulars	Page No
1.1	Meaning and nature of a Company	1
1.2	Characteristics of a Company	1-4

STUDY NOTE - 2 : FORMATION OF A COMPANY

2.1	Introduction- Formalities Regarding the Formation of a Company	5
2.2	Incorporation of a Company	5-6
2.3	Provisions of Law Regarding Pre-incorporation Contracts	6-7
2.4	Promoter	7-8

STUDY NOTE - 3 : MEMORANDUM OF ASSOCIATION

3.1	Introduction : Meaning and Importance of Memorandum of Association	9
3.2	Form the Contents of Memorandum of Association	10-11
3.3	Alteration in Memorandum of Ultra-vires, and its Implications	11-13
3.4	Doctrine of Ultra-Vires	13

STUDY NOTE - 4 : ARTICLES OF ASSOCIATION

4.1	Introduction- Meaning, Contents and Importance of Articles	14-15
4.2	Provisions of Company Law Regarding the Articles of Association	15-16
4.3	Provisions of Company Law Regarding the Amendment in Articles of Association	16-17
4.4	Doctrine of Constructive Notice	17
4.5	Doctrine of Indoor Management	17-18
4.6	Difference between the Memorandum and Articles of Association	19-20

STUDY NOTE - 5 : PROSPECTUS

Sl No	Particulars	Page No
5.1	Introduction	21
5.2	Prospectus-Meaning	21-22
5.3	Contents of Prospectus	22-25
5.4	Mis-statement in Prospectus	25-27
5.5	Statement in Lieu of Prospectus	27

STUDY NOTE - 6 : SHARE CAPITAL

6.1	Introduction	28
6.2	Types of Share Capital	28-29
6.3	Alteration of Share Capital	29-30
6.4	Reduction of Share Capital	30-31
6.5	Variation of Shareholders Rights	31-32
6.6	Further Issue of Capital	32-33

STUDY NOTE - 7 : SHARES

7.1	Introduction - Meaning and types of shares	34-37
7.2	Legal provisions regarding various aspects - allotment, calls, forfeiture of shares etc	37-52

STUDY NOTE - 8 : ACCOUNTS AND AUDIT

8.1	Introduction	53
8.2	Legal Provisions regarding Audit	53-56
8.3	Powers and duties of Auditors	56-57
8.4	Cost Audit	57-58
8.5	Special Audit	58-59

STUDY NOTE - 9 : MEMBERSHIP OF A COMPANY

9.1	Introduction - Meaning of 'Membership' of Company.	60-61
9.2	Legal Provisions about the 'Membership'	61-63

STUDY NOTE - 10 : DIRECTORS

Sl No	Particulars	Page No
10.1	Introduction	64-66
10.2	Various Provisions of Company Law regarding appointment, qualifications	66-74
10.3	Board of Directors	74-77
10.4	Duties of Directors	77-78
10.5	Contracts in which directors are Interested	78-80
10.6	Managing Directors and Managers	80-82
10.7	Remuneration of Directors	82-83

STUDY NOTE - 11 : COMPANY MEETINGS

11.1	Introduction	84
11.2	Types of Company Meetings	84-87
11.3	Essentials of a Valid Meeting	87-89
11.4	Other Aspects	89-93

STUDY NOTE - 12 : BORROWING POWERS

12.1	Introduction	94
12.2	Borrowing Capacity	94
12.3	Legal Consequences of Ultra Vires Borrowings	95-96
12.4	Charges - Fixed and Floating Charges and its legal Provision of the Same	96-99
12.5	Debentures	99-101

STUDY NOTE - 13 : OPPRESSION AND MISMANAGEMENT

13.1	Introduction	102
13.2	Meaning of Oppression	102-103
13.3	Prevention of Oppression	103
13.4	Meaning of Mismanagement	104
13.5	Right to Apply U/S 399	104-105
13.6	Powers of Tribunal	105-106
13.7	Alteration of Memorandum and Articles of Association of the Company	106-107
13.8	Powers of Central Government to Prevent Oppression or Mismanagement	107
13.9	Principle of Majority Rule	107-108

STUDY NOTE - 14 COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

Sl No	Particulars	Page No
14.1	Introduction	109
14.2	Meaning of Compromises, Arrangements and Reconstruction	109-110
14.3	Legal Provisions Concerning Compromises, Arrangement and Reconstruction and Amalgamation	110-113
14.4	Inter Corporate Loans and Investments	114-115

STUDY NOTE - 15 : WINDING UP

15.1	Introduction	116
15.2	Modes of winding up of a company	116-132

STUDY NOTE - 16 : RIGHT TO INFORMATION

16.1	Various Provisions Relating to Right to Information Act	133-150
------	---	---------

STUDY NOTE - 17 : THE COMPETITION ACT, 2002
--

17.1	Introduction	151-153
17.2	Definition and Basic Concepts	153-157
17.3	Prohibition of certain agreements, abuse of dominant position and regulation of combinations	157-163
17.4	Competition Commission of India	163-186
17.5	Finance, Accounts and Audit	186-187
17.6	Miscellaneous	188-192

STUDY NOTE - 18 : MERGER AND ACQUISITION

18.1	Introduction	193
18.2	What is Merger?	194-195
18.3	Acquisitions	195-196
18.4	Distinction between Mergers and Acquisitions	196-198
18.5	Accounting for Mergers and Acquisitions	198-200
18.6	How to Value an Acquisition Candidate	201-203
18.7	Reconstruction	203-207
18.8	Demerger	207

Study Note - 19 : CORPORATE GOVERNANCE

Sl No	Particulars	Page No
19.1	Introduction	208
19.2	History	209
19.3	The Emergence of Corporate Governance Issues in India	209-210
19.4	Recommendations of the Narasimham Committee, 1991	211-213
19.5	Formation of Narasimham Committee on Banking Sector Reforms	214
19.6	Report of Kumar Mangalam Birla Committee on Corporate Governance	214-216
19.7	Summary of Naresh Chandra Committee on Corporate Audit and Governance	216-230
19.8	Narayan Murthy Committee Report, 2003	231-233
19.9	Dr. J. J. Irani Committee Report on Company Law, 2005	234-236

STUDY NOTES - 20

BOARD OF DIRECTORS & DIFFERENT COMMITTEES

20.1	Effectiveness of the Board of Directors	237-238
20.2	Role of The Board in Ensuring Corporate Governance	238-239
20.3	Role of Directors	239
20.4	Independent Directors	239-241
20.5	Desirability of Having Independent Directors	241
20.6	Audit Committee - Section 292A of the Companies Act, 1956	241-242
20.7	Remuneration Committee	242-243
20.8	Nomination Committee	243
20.9	Internal Control	243-245
20.10	Directors' Responsibility Statement	246-249
20.11	Going Concern status	250-252
20.12	Related party transaction	252-255
20.13	Project Management Audit and Corporate Governance	256-259
20.14	Risk Evaluation and Management	260-270

STUDY NOTE - 21

EVALUATION OF KEY FINANCIAL DECISIONS AND DISCLOSURES

21.1	Key financial decisions and disclosures	271-274
21.2	Management Audit for investor's protection in the context of corporate governance	274-276
21.3	Corporate Governance norms as prescribed by SEBI	276-288

Study Note - 19 : CORPORATE GOVERNANCE

Sl No	Particulars	Page No
19.1	Introduction	208
19.2	History	209
19.3	The Emergence of Corporate Governance Issues in India	209-210
19.4	Recommendations of the Narasimham Committee, 1991	211-213
19.5	Formation of Narasimham Committee on Banking Sector Reforms	214
19.6	Report of Kumar Mangalam Birla Committee on Corporate Governance	214-216
19.7	Summary of Naresh Chandra Committee on Corporate Audit and Governance	216-230
19.8	Narayan Murthy Committee Report, 2003	231-233
19.9	Dr. J. J. Irani Committee Report on Company Law, 2005	234-236

