



**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

**SUPPLEMENT**  
**EXECUTIVE PROGRAMME**  
**(Syllabus 2022)**

*for*

*June, 2026 Examination*

*(Containing updates from 1<sup>st</sup> December, 2024 to  
30<sup>th</sup> November, 2025)*

**CORPORATE ACCOUNTING & FINANCIAL  
MANAGEMENT**

**GROUP 1**

**PAPER 4**

***Students appearing in Examination shall note the following:***

Students appearing in June, 2026 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, RBI & Central Government upto November, 2025.

The students are advised to acquaint themselves with the monthly and Regulatory updates published by the Institute.

This supplement is to be read with the CAFM study material (Syllabus 2022) updated up to November, 2024.

## Lesson 6

### Related Aspects of Company Accounts

#### Escrow account (Page 235)

Regulation 9(xi) of SEBI (Buy back of Securities) Regulations, 2018 provides that a company shall, with in two working days of the public announcement as and by way of security for performance of its obligations under the regulations, deposit in an escrow account such sum as specified below:

The escrow amount shall be payable in the following manner:

- a) if the consideration payable does not exceed Rupees 100 crores; 25 per cent of the consideration payable;
- b) if the consideration payable exceeds Rupees 100 crores; 25 per cent upto Rupees 100 crores and 10 per cent thereafter.

The escrow account referred to in this regulation shall, subject to appropriate margin as specified by the SEBI, consist of

- a) cash including bank deposits deposited with any scheduled commercial bank, or
- b) bank guarantee issued in favour of the merchant banker by any scheduled commercial bank, or
- c) deposit of frequently traded and freely transferable equity shares or other freely transferable securities, or
- d) government securities, or
- e) units of mutual funds invested in gilt funds and overnight schemes, or
- f) a combination of above

#### Illustration 7 (Page 246)

Satellite Ltd., issued 12% 10,000 Preference Shares of Rs.10 each. The issue was underwritten as follows: Apple 30%, Mango 30%, Orange 20%.

Application for 8,000 shares were received by the company in all. Determine the liability of the respective underwriters.

#### Solution:

Particulars	Apple (30%) Shares	Mango (30%) Shares	Orange (20%) Shares
Gross liability in the agreed ratio 30: 30 : 20	3,000	3,000	2,000
Less: Marked application, i.e., 8,000 application in 30%, 30%, 20%	2,400	2,400	1,600
Net liability	600	600	400

Alternatively, the liability of the respective underwriters can also be determined in the following manner:

Shares issued	10,000
Less: Applications received	8,000
Unsubscribed shares	2,000
Apple's liability	= 30% of 2,000 = 600 shares
Mango's liability	= 30% of 2,000 = 600 shares
Orange's liability	= 20% of 2,000 = 400 shares
Total liability of Apple, Mango and Orange	= 600 + 600 + 400 = 1,600 shares.

which represent 80% of the total issue underwritten. The balance  $(2,000 - 1,600) = 400$  shares representing 20% of the issue not underwritten will remain as unissued.