Rajiv Bajaj
Central Council Member-The ICSI
Associate Director –Finance & Company Secretary
Panasonic AVC Networks India Co. Ltd.

Board of Directors Report
Companies Act, 2013
The Directors Report is the part of Annual Report in which the details of Company has been mentioned.

There is no restriction to put any matter in the Directors Report if the Directors have intention to mention there apart from legal provisions.

A director’s report is intended to explain to shareholders, the overall financial position of the Company and its operation & Business Scope.

In Companies Act, 2013, lot of sections makes it mandatory to make disclosure in Boards report contrary to previous Act, where only section 217, talks about the Boards Report.
Applicability of Provisions of Section 134 – Boards Report

Provisions of Section 134 are Applicable only for –

Financial Year Commencing on or after 1st April, 2014
As per Section 134 (6) Boards Report and Annexure thereto shall be signed by -

Chairperson

If authorised by the Board of Directors of the Company

Where, Chairperson is not authorised by Board, then by at least 2 Directors, one of whom shall be a Managing Director, if there is no Managing Director then by 2 Directors
The Boards Report shall be prepared based on “STAND ALONE FINANCIAL STATEMENT OF THE COMPANY”

Board’s Report Shall contain a separate Section wherein a report on the performance and Financial situation of its:

- Subsidiary Company
- Associate Company
- Joint Venture Companies, including in the Consolidated financial statement is presented
Approval by Directors – Directors Report

Approval of Board’s Report shall be done in Meeting of the Board of Director only - Section 179(3)

Approval of Board’s Report shall not be done by “Circular Resolution” or “by Committee”

Meeting for approval of Directors Report can not be done by “Video Conferencing”
E-Filling of Resolution approving Board Report

The Resolution is required to be filed with ROC.

FORM MGT-14

With in 30 days of passing resolution for approving the Board Report
Board’s Report Comparative Brief Overview

**Existing requirements:**
- State of the Company’s affairs.
- Amounts proposed to be carried to reserves.
- Amount recommended by way of dividend.
- Material changes and commitments affecting the financial position.
- Statement of employees receiving remuneration above a certain limit (Dropped).
- Directors Responsibility statement.

**New Additions:**
- Extract of Annual Return.
- No. of Board meetings.
- Ratio of remuneration of each director to median employees remuneration.
- Company’s policy on director’s appointment & remuneration.
- Explanation to qualification / remarks of auditors /PCS in auditors report or secretarial audit report.
- Statement on declaration by ID’s.
- Particulars of loans, Guarantees or investments.
- Particulars of contract or arrangement with related party.
- Annual evaluation of its own & Board committees performance.
- Implementation of risk management policy.
- Policy on CSR initiatives (Including reasons for unspent amount on CSR)
Content of Boards Report (General Overview)
Content of Boards Report as per Section 134 – General

- **No. of Board Meeting**: Mention no. of Board Meeting in Directors Report.
- **Comment on Auditor Report**: Explanations or Comments by the Board on every qualification, reservation or adverse remark or disclaimer made by auditors in their report.
- **Comment on Secretarial Audit Report**: Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by Company Secretary in Practice in Secretarial Audit Report.
- **Particular of Loan & Investment: Director**: There is required to disclose by director in Boards Report that, the Company have Complied with the provisions of Section 186 of Companies Act, 213 in relation to loan, Investment & Guarantee given by the Company during the FY.
- **Disclosure of Related Party Transactions**: There is requirement to disclose in Boards Report all the related party transaction entered by the Company during Financial Year.
• **Dividend Recommended**: If any dividend was declared by the company during the financial year, Directors required disclosing in Board Report regarding status payment of same.

• **Post Balance Sheet Events**: Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relate and the date of report.

• **Risk Management Policy**: A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company.

• **Corporate Social Responsibility (CSR)**: Directors required to disclose in the Board Report the details about the policy developed and implemented by the company on Corporate Social Responsibility initiatives taken during the year.

• **Report on performance of subsidiaries, associates companies and joint ventures**: The Board’s Report shall be prepared based on “STAND ALONE FINANCIAL STATEMENT OF THE COMPANY” But the Board’s Report shall contain a Separate section wherein a report on the performance and financial position of each: Subsidiary Associate Joint venture companies, including in the consolidated financial statement is presented.
Content of Boards Report as per Section 134 –General

- **Secretarial Audit Report:** Every listed company and a company belonging to other class of companies as may be prescribed shall annex with its Board’s Report, a Secretarial audit report. The Board of Directors, in their report shall explain in full any qualification or observation or other remarks made by the Company Secretary in practice in his secretarial audit report.

- **Disclosure about cost Audit:** Full particular of cost auditor, along with due date and actual filling of cost audit report by the cost auditor.

- **Disclosure of Board Report:** As per Secretarial Standard of ICSI SS-I-The Annual report of company should disclose the number of meetings of Board and Committees held during the year, indicating number of meetings attended by each director.

- **Disclosure where company is required to constitute Nomination and Remuneration committee:** The director will disclose in Director Report followings: The policy of qualification The remuneration of directors as, formulated under section 178(3)

- **Disclosure if MD/WTD is receiving remuneration or commission from a MD/WTD or subsidiary Company:** As per Section 197(14) of the Act, 2013 A MD/WTD of company can receive remuneration or commission from any holding company or subsidiary company of such company.
Disclosure of Vigil Mechanism in board Report: If provisions of vigil Mechanism apply on company, then directors required to disclose in Board’s report establishment of Vigil Mechanism. 6/18/2015 Directors Report under Companies Act 2013.

Disclosure of composition of Audit committee and their recommendations not accepted: Section- 117(8) Composition of Audit Committee shall be disclosed in Board’s Report of the Company. If the board doesn’t recommendation of Audit Committees, it shall be disclosed along with reason in Board’s report.

Declaration by Independent Director: Director will disclose the statement on declaration given by Independent Director.

Details Relating to Deposit: Details of deposits which are not in compliance with the requirement of chapter V of the Act. Deposit Accepted during the year. Unpaid and unclaimed deposit at the end of the year. If there is any default in repayment of deposit or payment of interest thereon during the year then; number of such cases and total amount involved At the beginning of the year Maximum during the year At the end of the year
• **Details of Director and KMP:** There should be disclosure in the Director’s Report about: Directors & KMP appointed during the Year. Directors & KMP appointed Resigned during the Year.

• **General Disclosures:** Name of retiring directors and whether or not they offer themselves for reappointment. Casual vacancies in the Board filled during the year. Re-appointment, Casual vacancy in the Board filed during the year Changes in Board during the year, by change of nominees, appointment of additional directors, death, resignation or any other reason Details, if anyone is contesting for election as director/ small shareholder director.

• **Disclosure about ESOP and Sweat Equity Share:** Director report shall disclose following about Sweat Equity Shares: .[Rule 7 of Unlisted Companies (Issue of Sweat Equity Share] Rules, 2003

• **Statement of affairs of the Company:** Generally following information is given about current year and pervious year:

• **Director Perception of Future of Company:** In this report directors perception of future of company given in consideration of ; Market Competition Production constraints Government Policies etc.
• **Order of Court:** The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operation in future.

• **Details of employees drawing salary above prescribed limits:** (LISTED) Every listed company shall disclose in the Board’s Report the ratio of the remuneration of each director to the median employee’s remuneration and such other details as may be prescribed. [197(12)]. The disclosures are summarized as below: Comparison between remuneration managerial personnel and remuneration to employees. Details of employees drawing salary of Rs. 500,000/- or more per month. Details of remuneration to person holding 2% or more equity shares. Details of employees (who are not directors or relatives) posted outside India.

• **Other Details:** The names of Companies which have become or ceased to be its Subsidiaries, Joint ventures or associated company during the year. The change in the nature of business, if any; The financial summary or highlights, The details in respect of adequacy of internal financial controls with reference to the financial Statements.
Directors Responsibility statement (Sec 134(5))

- Applicable accounting Standards duly followed, With explanations for Material departures.
- Prudent judgment and Estimates made so as To give true & fair View of the state of Affairs of the Co.
- Proper and sufficient Care for the maintenance of adequate Accounting records & safeguarding of Assets.
- Annual accounts Prepared on going Concern basis.
- Adequate Internal Financial controls, In case of listed Co.
- Proper systems to Ensure compliance With all applicable Laws.

Additional Responsibility statement
CONTENT - Boards Report
(Specific Company Wise & Section Wise)
CONTENTS TO BE DISCLOSED IN TERMS OF COMPANIES ACT, 2013

As per Section 134(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Board’s Report shall include:

(a) The extract of the annual return as provided under sub-section (3) of section 92 – in prescribed Form MGT-9;

(b) Number of meetings of the Board;

(c) Directors’ Responsibility Statement as per section 134(5)

(d) A statement on declaration given by independent directors under sub-section (6) of section 149;

(e) In case of a company covered under sub-section (1) of section 178, company’s policy on director’s appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;
Contents of Boards Report as per Companies Act, 2013

(f) Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

(i) by the auditor in his report; and

(ii) by the company secretary in practice in his secretarial audit report;

(g) Particulars of loans, guarantees or investments under section 186;

(h) Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed Form AOC-2;

(i) The state of the company’s affairs;

(j) The amounts, if any, which it proposes to carry to any reserves;

(k) The amount, if any, which it recommends should be paid by way of dividend;

(l) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

(m) ** The conservation of energy, technology absorption, foreign exchange earnings and outgo, in the manner as prescribed in Rule 8(3) of the **Companies (Accounts) Rules, 2014** [Chapter IX];

(n) A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

In case of a listed company and every other public company having paid-up share capital of twenty five crore rupees or more, calculated at the end of the preceding financial year, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors;

Such other matters as may be prescribed.

As per Section 134(5) of the Companies Act, 2013, the Directors’ Responsibility Statement shall state that—

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;
(e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Explanation- For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

** Such other matters as may prescribed has been given in Rule 8 of the [Companies (Accounts) Rules, 2014](https://indiankarn.com/).
Rule 8 of the **Companies (Accounts) Rules, 2014:**

**Rule 8(1):** The Board’s Report shall be prepared based on the stand alone financial statements of the company and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.

**Rule 8(2):** The Report of the Board shall contain the particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the Form AOC-2.

**Rule 8(3):** The report of the Board shall contain the following information and details, namely:-

(A) Conservation of energy -

(i) the steps taken or impact on conservation of energy;

(ii) the steps taken by the company for utilising alternate sources of energy;

(iii) the capital investment on energy conservation equipments;
(B) Technology absorption -

(i) the efforts made towards technology absorption;

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) the expenditure incurred on Research and Development.

(C) Foreign exchange earnings and Outgo -
- The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Rule 8(4) Every listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Rule 8(5) In addition to the information and details specified in sub-rule 8(4), the report of the Board shall also contain –

(i) the financial summary or highlights;

(ii) the change in the nature of business, if any;

(iii) the details of directors or key managerial personnel who were appointed or have resigned during the year;

(iv) the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;
v) the details relating to deposits, covered under Chapter V of the Act,-

(a) accepted during the year;

(b) remained unpaid or unclaimed as at the end of the year;

(c) whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved-

(i) at the beginning of the year;

(ii) maximum during the year;

(iii) at the end of the year;

(vi) the details of deposits which are not in compliance with the requirements of Chapter V of the Act;

(vii) the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future;

(viii) the details in respect of adequacy of internal financial controls with reference to the Financial Statements.
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<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Disclosure</th>
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<tbody>
<tr>
<td>1.</td>
<td>Section 43 read with Rule 4(4) of the [Companies (Share Capital and Debentures) Rules, 2014](https:// Companies (Share Capital and Debentures) Rules, 2014)[Chapter IV]</td>
<td>Disclose the details of equity shares with differential rights, as per the Rule, in the Board’s Report for the financial year in which the issue of equity shares with differential rights was completed.</td>
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<td>2.</td>
<td>Section 54 read with Rule 8(13) of the [Companies (Share Capital and Debentures) Rules, 2014](https:// Companies (Share Capital and Debentures) Rules, 2014)</td>
<td>Disclose the details of sweat equity shares, as per the Rule, in the Board’s Report for the year in which the shares are issued.</td>
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<td>3.</td>
<td>Section 62(1)(b) read with Rule 12(9) of the [Companies (Share Capital and Debentures) Rules, 2014](https:// Companies (Share Capital and Debentures) Rules, 2014)</td>
<td>Disclose details of Employees Stock Option Scheme, as per the Rule.</td>
</tr>
<tr>
<td>4.</td>
<td>Proviso to Section 67(3) read with Rule 16(4) of the [Companies (Share Capital and Debentures) Rules, 2014](https:// Companies (Share Capital and Debentures) Rules, 2014)</td>
<td>Disclose details of voting rights not exercised directly by the employees in respect of shares to which the scheme for provision of money for purchase of or subscription for shares by employees or by trustees for the benefit of employees, as per the Rule.</td>
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<td>5.</td>
<td>Third proviso to Section 131 (not yet enforced)</td>
<td>Disclose detailed reasons for revision of financial statement or report of the Board, in the Board’s Report in the relevant financial year in which such revision is being made.</td>
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<td>6.</td>
<td>Section 135(2)</td>
<td>Composition of the Corporate Social Responsibility (CSR) Committee.</td>
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<td>7.</td>
<td>Section 135(4)(a) read with Rule 8(1)/9 of the Companies (Accounts) Rules, 2014 [Chapter IX]</td>
<td>Disclose contents of the CSR Policy in the Board’s Report and on the company’s website, if any, as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014.</td>
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<td>8.</td>
<td>Second proviso to Section 135(5)</td>
<td>If the company fails to spend the requisite amount on CSR activities, the Board shall in its report specify the reasons for not spending the amount.</td>
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<td>10.</td>
<td>Section 177(8) read with Rule 6 of the <a href="https://example.com">Companies (Meetings of the Board and its Powers) Rules, 2014</a> [Chapter XII]</td>
<td>Disclose the composition of an Audit Committee, where applicable, and where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the report along with the reasons therefor.</td>
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<td>11.</td>
<td>Proviso to Section 177(10)</td>
<td>Disclose details of establishment of Vigil Mechanism.</td>
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<td>12.</td>
<td>Section 178(3)</td>
<td>Nomination and Remuneration Committee shall formulate a policy relating to the remuneration for the directors, KMPs and other employees and such policy shall be disclosed in the Board’s Report.</td>
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<td>13.</td>
<td>Section 197(14)</td>
<td>Subject to the provisions of section 197, any director who is in receipt of any commission from the company and who is a managing or whole-time director of the company shall not be disqualified from receiving any remuneration or commission from any holding company or</td>
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<td>14.</td>
<td>Section 204(1)</td>
<td>Every listed company and every public company having a paid-up share capital of fifty crore rupees or more OR turnover of two hundred fifty crore rupees or more, shall annex with its Board’s report, a secretarial audit report, given by a company secretary in practice, in Form MR-3.</td>
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<td>15.</td>
<td>Section 204(3)</td>
<td>Explain in full any qualification or observation or other remarks made by the company secretary in practice in his Secretarial Audit Report pursuant to section 204(1).</td>
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Further, listed companies are also required to disclose the following in terms of the Companies Act, 2013:

→ As per Section 197(12) of the Companies Act, 2013 read with Rule 5 of the [Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014](https://companiesarc.in/sites/default/files/2014-03/Companies_Rules_2014.pdf) [Chapter XIII], every listed company shall disclose in the Board’s report, the ratio of the remuneration of each director to the median employee’s remuneration and such other details as given in Rule 5 of the [Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014](https://companiesarc.in/sites/default/files/2014-03/Companies_Rules_2014.pdf) [Chapter XIII].

Rule 5 of the [Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014](https://companiesarc.in/sites/default/files/2014-03/Companies_Rules_2014.pdf) is as under:

Rule 5(1): Every listed company shall disclose in the Board’s report-

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

(iii) the percentage increase in the median remuneration of employees in the financial year;
(iv) the number of permanent employees on the rolls of company;

(v) the explanation on the relationship between average increase in remuneration and company performance;

(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

(x) the key parameters for any variable component of remuneration availed by the directors;

(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and
(xii) affirmation that the remuneration is as per the remuneration policy of the company. Explanation- For the purposes of this rule-

(i) the expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;

(ii) if there is an even number of observations, the median shall be the average of the two middle values.

Rule 5(2): The Board’s report shall include a statement showing the name of every employee of the company, who-

(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;

(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;

(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.
Rule 5(3): The statement referred to in sub-rule (2) shall also indicate –

(i) designation of the employee;

(ii) remuneration received;

(iii) nature of employment, whether contractual or otherwise;

(iv) qualifications and experience of the employee;

(v) date of commencement of employment;

(vi) the age of such employee;

(vii) the last employment held by such employee before joining the company;

(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and

(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:
As per Section 134(8) of the Companies Act, 2013, if a company contravenes the provisions of Section 134 relating to Board’s Report, the company shall be punishable with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 25 lacs and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs.50,000 but which may extend to Rs.5 lacs, or with both.

Thus, it is very important that at the time of framing of the Board’s Report it is essential to keep the various provisions of the Companies Act, 2013 as well as Listing Agreement relating to the disclosure of contents in the Board’s Report in mind, being the minimum contents that should be incorporated therein.

However, certain contents which are required to be disclosed in the Board’s Report in terms of two different statutory requirement of law but which are common, needs to be taken care of.
Thank You..!!!
Issue of shares by Private placement
(includes Preferential Issue)

- Preferential Issue – Procedure

Compiled from provisions of Section 42 and Section 62 of the Companies Act, 2013 read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 13 of Companies (Share Capital and Debentures) Rules, 2014.

a) Shareholders meeting

1. The issue has been authorized by a special resolution of the members (Sec 62(1)(c)). File form MGT-14 with ROC with copy of special resolution within 30 days.

2. The company shall make various disclosures in the explanatory statement to be annexed to the notice of the general meeting pursuant to section 102 of the Act as stated in Rule 13 of Companies (Share Capital and Debentures) Rules, 2014. Among various details, the names of the proposed allottees, the change in control and the pre & post shareholding pattern, shall also be disclosed.

3. The allotment of securities on a preferential basis made pursuant to the special resolution shall be completed within a period of twelve months from the date of passing of the special resolution.

b) Registered valuer

4. The price of the shares or other securities to be issued on a preferential basis shall be determined on the basis of valuation report of a registered valuer;

c) Offer Document (PAS-4) and complete record (PAS-5)

5. Issue of a private placement offer letter. (Sec 42(1)). For the purposes of sub-section (1) of Section 42, a company may make an offer or invitation to subscribe to securities through issue of a private placement offer letter in Form PAS-4.
**Issue of shares by Private placement (includes Preferential Issue)**

- 6. A private placement offer letter shall be accompanied by an application form serially numbered and addressed specifically to the person to whom the offer is made and shall be sent to him, either in writing or in electronic mode, within thirty days of recording the names of such persons. (Section 42(7) read with Rule 14(1)(b) of Chapter III)
- 7. The company shall maintain a complete record of private placement offers in Form **PAS-5**.
- 8. A copy of such record (**PAS-5**) along with the private placement offer letter in Form **PAS-4** shall be filed with the Registrar within 30 days of circulation date. Date of private placement offer letter shall be considered as circulation date
- **d) Share Application Money**
- 9. A company making an offer of securities shall allot its securities within **sixty days** from the date of receipt of the application money for such securities. If not able to allot, return application money within 15 days failing which interest shall be payable by the company @ 12% p.a.
- 10. Monies received on application under this section shall be kept in a **separate bank account** in a scheduled bank.
- 11. The payment to be made for subscription to securities shall be made from the bank account of the person subscribing to such securities and the company shall keep the record of the Bank account from where such payments for subscriptions have been received. (Rule 14(2)(d) of Companies (Prospectus and Allotment of Securities) Rules, 2014)
- 12. The securities allotted by way of preferential offer shall be made fully paid up at the time of their allotment.
- **e) Return of Allotment**
- 13. A return of allotment of securities under section 42 shall be filed with the Registrar within thirty days of allotment in Form **PAS-3**(along with a copy of valuation report).

**Penalty**

If a company makes an offer or accepts monies in contravention of this section, the company, its promoters and directors shall be liable for a penalty which may extend to the amount involved in the offer or invitation or two crore rupees, whichever is higher, and the company shall also refund all monies to subscribers within a period of thirty days of the order imposing the penalty (Sec 42(10)).