PROSPECTUS AND ALLOTMENT OF SECURITIES

Issue of Prospectus and related matters	Sec. 23, 26, 29, 31, 32, 25, 28, 27 & 40
Allotment of securities	Sec. 29
Penalties	Sec. 34, 35, 36, 37 & 447*
Private Placement	Sec. 42

* Section 447 contains provisions relating to 'punishment for fraud'.

Before we dwell into the chapter, we must know the meaning of the terms Prospectus, Allotment and Securities. Let's understand them one by one.

Meaning of Prospectus-

As per Section 2(70), prospectus means

- any document described or issued as a prospectus
- a red herring prospectus referred to in section 32 or
- a shelf prospectus referred to in section 31 or
- any notice, circular, advertisement or other document inviting offers from the public for the subscription or purchase of any securities of a body corporate.

Meaning of Allotment-

"Allotment" means the appropriation out of previously un-appropriated capital of a company, of a certain number of shares to a person. Till the allotment, as such the shares do not exist. It is on allotment that the shares come into existence. In fact, with the sending of allotment letters, the company starts the process of allotment and it is nothing but acceptance of offer made by the applicants of securities.

Meaning of Securities-

As defined in Section 2(h) of SCRA. **"Securities"** include—

(i) Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;

(ia) derivative;

(ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;

(ic) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(id) units or any other such instrument issued to the investors under any mutual fund scheme.

(ie) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;

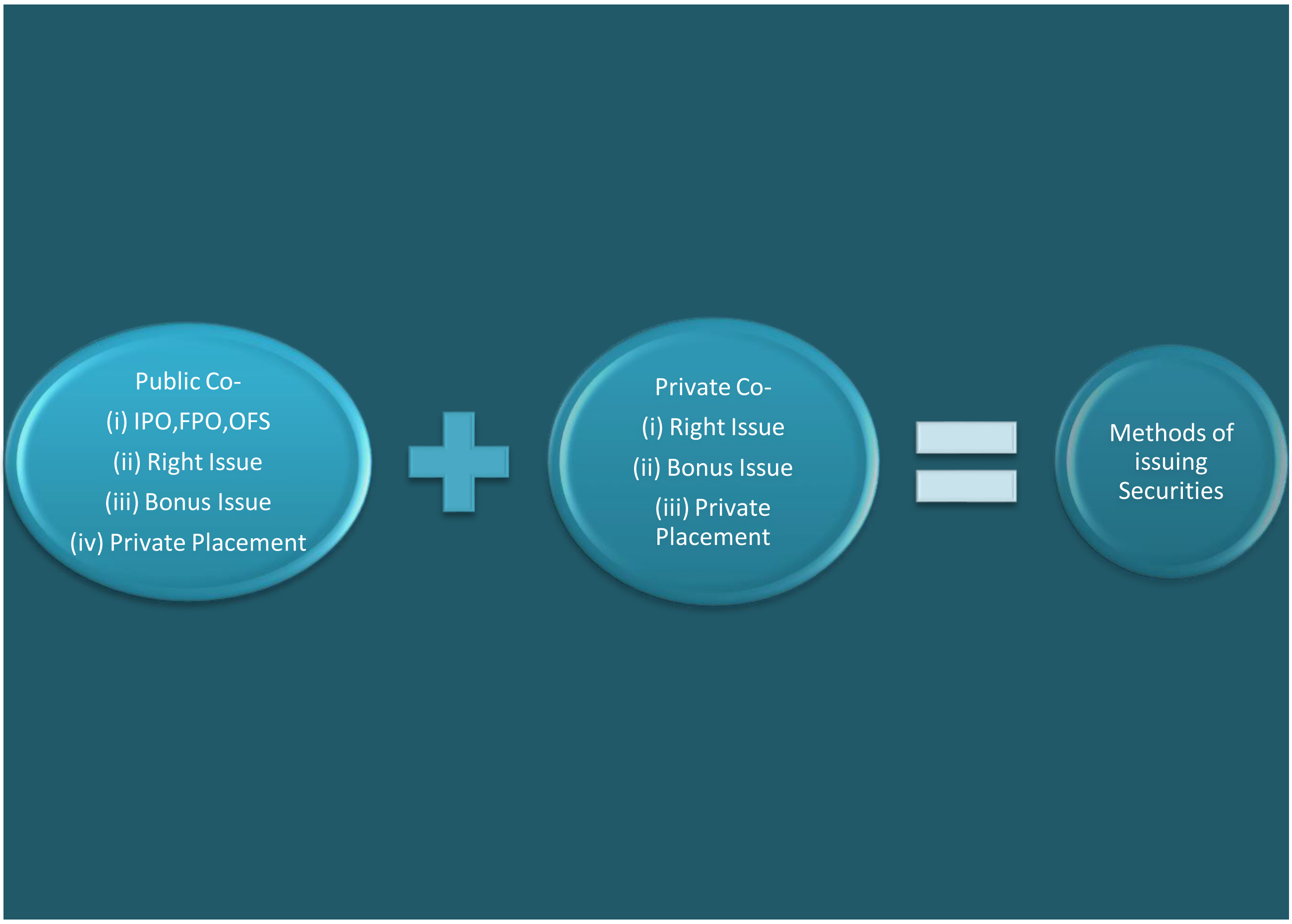
(ii) Government securities;

(iia) such other instruments as may be declared by the Central Government to be securities; and

(iii) rights or interests in securities.

Section 23 PUBLIC OFFER AND PRIVATE PLACEMENT

Section 23 contains the provisions regarding methods of raising capital by Public Companies and Private Companies. It is divided into two parts.



Section 23(1)- Methods of issuing securities by a Public Company

- Through issue of Prospectus- IPO, FPO and OFS
- Right Issue
- Bonus Issue
- Private Placement

Section 23(2)- Methods of issuing securities by a Private Company

- Right Issue
- Bonus Issue
- Private Placement

Section 26 Matters to be stated in Prospectus

- **Prospectus to be dated and signed and to state specified information, etc.:** Every prospectus shall be dated and signed and shall state such information and set out such reports on financial information **as may be specified by the Securities and Exchange Board** in consultation with the Central Government.

The date indicated in the prospectus shall be deemed to be the date of its publication.

Exceptions: Nothing in sub-section (1) shall apply—
(a) to the issue to existing members or debenture-holders of a company, of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant has a right to renounce the shares or not under sub-clause (ii) of clause (a) of sub-section (1) of section 62 in favour of any other person; or
(b) to the issue of a prospectus or form of application relating to shares or debentures which are, or are to be, in all respects uniform with shares or debentures previously issued and for the time being dealt in or quoted on a recognised stock exchange. [Sub- section (2)]

- **Prospectus to be issued after delivery to Registrar for filing:** No prospectus shall be issued by or on behalf of a company unless on or before the date of its publication, a copy thereof (signed by every person who is named therein as a director or proposed director of the company) has been delivered to the Registrar for filing.
- **Prospectus not to include Experts' statement under certain circumstances:** A prospectus shall not include a statement purporting to be made by an expert if-
  -the expert is a person who is or has been, engaged or interested in the formation or promotion or management, of the company, or
  -has not given his written consent to the issue of the prospectus, or
  -has withdrawn such consent before the delivery of a copy of the prospectus to the Registrar for filing.
- **Prospectus to mention compliances of certain formalities on its face:** Every prospectus issued under sub-section (1) shall, on the face of it—
  (a) state that a copy has been delivered for filing to the Registrar as required under sub-section (4); and
  (b) specify any documents required by this section to be attached to the copy so delivered or refer to statements included in the prospectus which specify these documents.
- **Prospectus to be issued within specified time:** Every prospectus shall be issued within ninety days after the date on which a copy thereof is delivered to the Registrar under sub-section (4).

- **Punishment if 'issued prospectus' contravenes applicable provisions:**
  If a prospectus is issued in contravention of the provisions of section 26,the company and Any person knowingly a party to issue of such prospectus shall be liable to a fine: Minimum- Rs. 50,000, Maximum- Rs. 3,00,000

Section 29 Public offer of securities to be in dematerialised form.

Every company making public offer and such other class or classes of companies as may be prescribed shall issue the securities only in dematerialised form by complying with the provisions of the Depositories Act, 1996 and the regulations made thereunder.

[As per Rule 9 of PAS Rules, the promoters of every public company making a public offer of any convertible securities may hold such securities only in dematerialised form.
As per Rule 9A of PAS Rules every unlisted public company *(excluding a Nidhi, a Government company and a wholly owned subsidiary*) shall issue the securities only in dematerialised form and also facilitate dematerialisation of all its existing securities.]

Obligations of every unlisted public company: According to Rule 9A (5), every unlisted public company shall ensure that -

(a) it makes timely payment of fees (admission as well as annual) to the depository and registrar to an issue and share transfer agent in accordance with the agreement executed between the parties;
(b) it maintains security deposit, at all times, of not less than two years' fees with the depository and registrar to an issue and share transfer agent, in such form as may be agreed between the parties; and
(c) it complies with the regulations or directions or guidelines or circulars, if any, issued by the Securities and Exchange Board or Depository from time to time with respect to dematerialisation of shares of unlisted public companies and matters incidental or related thereto.

Section 30 Advertisement of Prospectus

Where an advertisement of any prospectus of a company is published in any manner, it shall be necessary to specify therein the contents of its memorandum as regards the following:
(i) the objects,
(ii) the liability of members and the amount of share capital of the company,
(iii) the names of the signatories to the memorandum,
(iv) the number of shares subscribed for by the signatories, and
(v) the capital structure of the company.

Section 31 Shelf Prospectus

Shelf Prospectus means a prospectus with a given shelf life. Any number of issues could be made during the tenure of the shelf prospectus.
Filing of shelf prospectus with the Registrar:

Shelf prospectus shall be filed with the registrar at the stage-
(i) of the **first offer** of securities included therein which shall indicate a period not exceeding one year as the period of validity of such prospectus which shall commence from the date of opening of the first offer of securities under that prospectus, and
(ii) in respect of a **second or subsequent offer** of such securities issued during the period of validity of that prospectus, no further prospectus is required.

Filing of Information Memorandum

In case of second or subsequent offer of securities, the company shall file an information memorandum which shall contain:

- (i) all material facts relating to new charges created.
- (ii) changes in the financial position of the company as have occurred between the first offer of securities or the previous offer of securities and the succeeding offer of securities
- (iii) such other changes as may be prescribed.

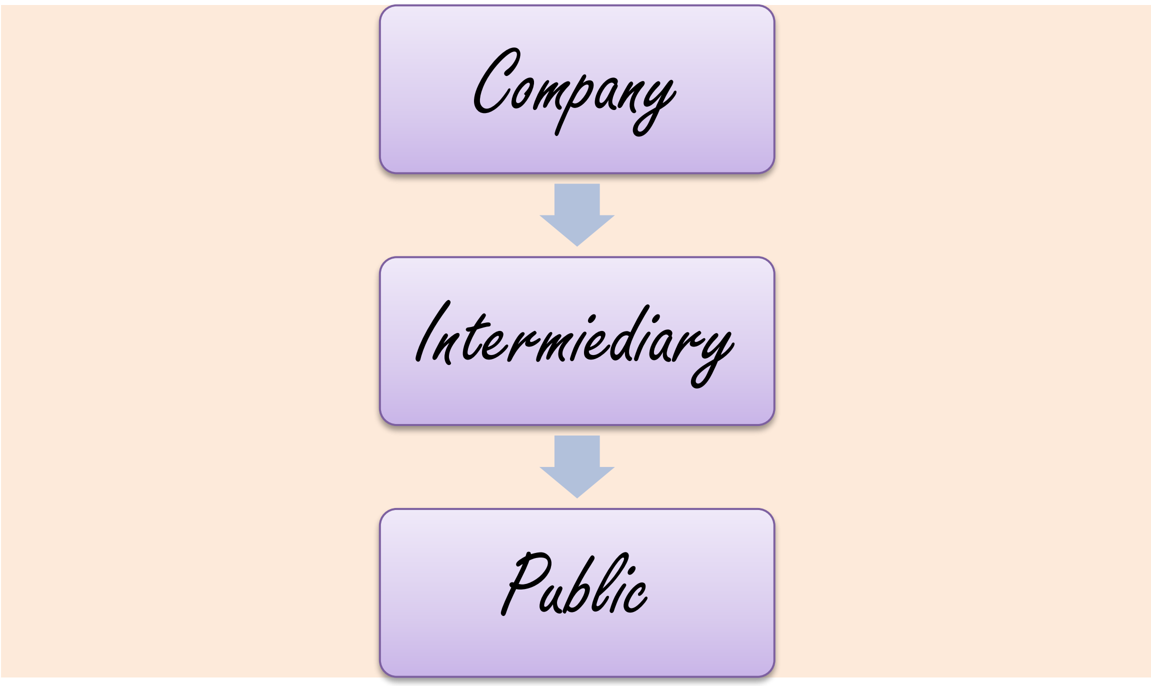
Where an information memorandum is filed, every time an offer of securities is made, such memorandum together with the shelf prospectus shall be deemed to be a prospectus.

Section 32 Red Herring Prospectus

Red herring prospectus means a prospectus which does not include complete particulars of the quantum or price of the securities included therein.

- (i) A company proposing to make an offer of securities may issue a red herring prospectus prior to the issue of a prospectus.
- (ii) The RHP shall be filed with the registrar at least 3 days prior to the opening f subscription list and the offer.
- (iii) A red herring prospectus shall carry the same obligations as are applicable to a prospectus and any variation between the red herring prospectus and a prospectus shall be highlighted as variations in the prospectus.
- (iv) Upon the closing of the offer of securities under this section, the prospectus stating therein the total capital raised, whether by way of debt or share capital, and the closing price of the securities and any other details as are not included in the red herring prospectus shall be filed with the Registrar and the Securities and Exchange Board.

Section 25 Document containing Offer of Securities for Sale to be Deemed Prospectus



Whenever a company allots or agrees to allot its shares or securities to an intermediary such as a merchant bank, another company, or an issuing house, for the eventual purpose of offering those shares for sale, a document of Offer for Sale is made by the intermediary or issuing house. The document of Offer for Sale is called a deemed prospectus If it satisfies any one of the following two conditions:

(i) The Offer for Sale to the public by the intermediary was made within six months from the allotment of shares to the intermediary; or

(ii) The company which allotted its shares to the intermediary has not received any consideration for the shares till the date the Offer for Sale was made by the intermediary.

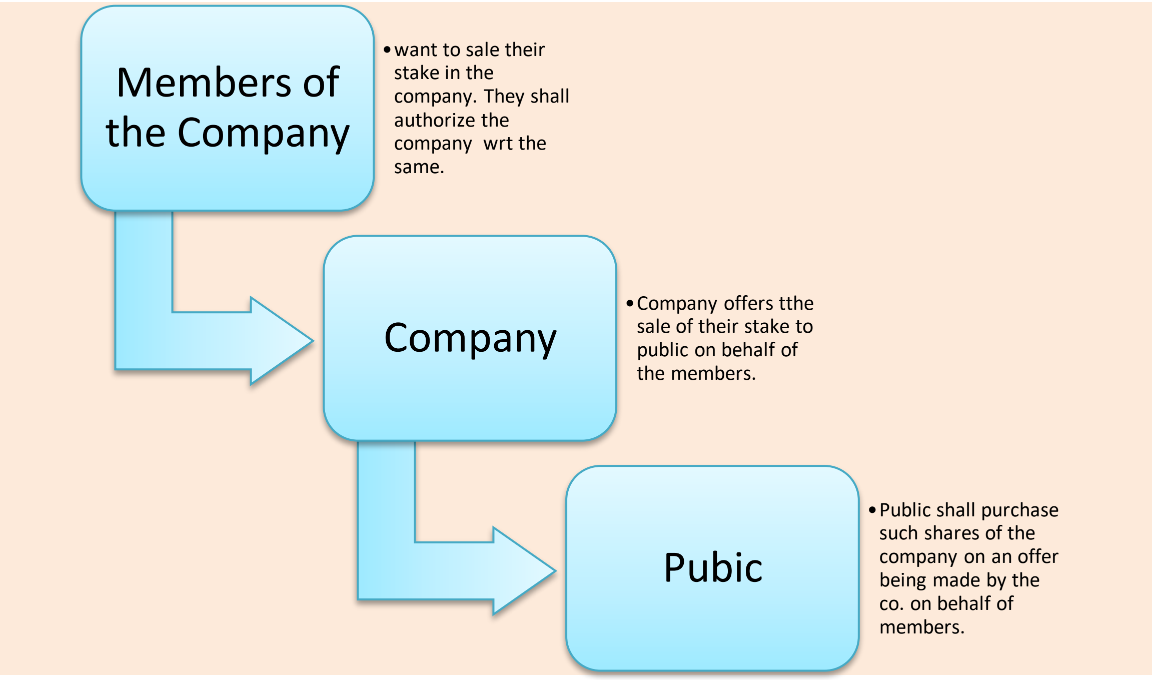
If any of these two conditions are fulfilled, the document through which Offer for Sale is presented by the intermediary is deemed to become a prospectus of the company allotted its shares to the intermediary. **In such a case, all the provisions of content and liability which apply to the prospectus of a company are also applicable to a deemed prospectus.**
(The purpose of the concept of deemed prospectus here is to make it clear that even though the document of an offer for sale was issued by an intermediary, it will still be deemed to be a prospectus issued by the original company. This helps to pinpoint accountability on the original issuer of shares.)
The prospectus mentioned above shall include the following matters additionally-
(a) the net amount of the consideration received or to be received by the company in respect of the securities to which the offer relates; and
(b) the time and place at which the contract where under the said securities have been or are to be allotted may be inspected;
It shall be deemed that the persons making the offer were persons named in a prospectus as directors of a company.

Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document referred above is signed on behalf of the company or firm by two directors of the company or by not less than one-half of the partners in the firm, as the case may be.

All applicable provisions relating to prospectus viz., mis-statements, contents, civil and criminal liability etc., are applicable to the deemed prospectus. There is no dilution of liability for the persons making the offer which is in addition to liability of the company whose securities are offered for sale.
Following information shall also be disclosed in the deemed prospectus-

The net amount of the consideration received or to be received by the company in respect of the securities to which the offer relates; and
The time and place at which the contract where under the said securities have been or are to be allotted may be inspected;

Section 28 Offer of Sale of Shares by Certain Members of Company



- Where certain members of a company propose, in consultation with the Board of Directors to offer, whole or part of their holding of shares to the public, they may do so in accordance with such procedure as may be prescribed.
- Any document by which the offer of sale to the public is made shall, for all purposes, be deemed to be a prospectus issued by the company and all laws and rules made thereunder as to the contents of the prospectus and as to liability in respect of mis-statements in and omission from prospectus or otherwise relating to prospectus shall apply as if this is a prospectus issued by the company.
- The members, whether individuals or bodies corporate or both, whose shares are proposed to be offered to the public, shall collectively authorise the company, whose

shares are offered for sale to the public, to take all actions in respect of offer of sale for and on their behalf and they shall reimburse the company all expenses incurred by it on this matter.

All the provisions related to the issue of prospectus and allotment of securities shall be applicable to the offer of sale except the following:
(a) the provisions relating to minimum subscription;
(b) the provisions for minimum application value;
(c) the provisions requiring any statement to be made by the Board of directors in respect of the utilization of money; and
(d) any other provision or information which cannot be compiled or gathered by the offeror, with detailed justifications for not being able to comply with such provisions.

The prospectus issued under section 28(Offer Document) shall disclose the name of the person or persons or entity bearing the cost of making the offer of sale along with reasons.

Section 27 Variation in terms of contract or objects in prospectus

Once a company raises funds through issue of prospectus, the money cannot be utilised for the purposes other than that mentioned in the prospectus. That is, the doctrine of ultra vires will come into play. If a company wants to do so, the deviations/variations shall first be approved by the investors and the dissenting investors shall be given an exit option(recall option).
Provisions contained in Section 27:

- A company shall not, at any time, vary the terms of a contract referred to in the prospectus or objects for which the prospectus was issued, except subject to an authority given by the company in general meeting by way of special resolution (SR).
- The details, of the notice in respect of such resolution to shareholders, shall also be published in the newspapers (one in English and one in vernacular language) in the city where the registered office of the company is situated indicating clearly the justification for such variation.
- It is further provided that such company shall not use any amount raised by it through prospectus for buying, trading or otherwise dealing in equity shares of any other listed company.

Utilisation of unutilized amount raised through Prospectus-
where the company has raised money from public through prospectus and has any unutilized amount out of the money so raised, it shall not vary the terms of contracts referred to in the prospectus or objects for which the prospectus was issued except by passing a special resolution through postal ballot and the notice of the proposed special resolution shall contain the following particulars, namely:—
(a) the original purpose or object of the Issue;
(b) the total money raised;
(c) the money utilised for the objects of the company stated in the prospectus;
(d) the extent of achievement of proposed objects (that is fifty percent, sixty percent, etc.);
(e) the unutilised amount out of the money so raised through prospectus,
(f) the particulars of the proposed variation in the terms of contracts referred to in the prospectus or objects for which prospectus was issued;

(g) the reason and justification for seeking variation;
(h) the proposed time limit within which the proposed varied objects would be achieved;
(i) the clause-wise details as specified in sub-rule (3) of rule 3 as was required with respect to the originally proposed objects of the issue;
(j) the risk factors pertaining to the new objects; and
(k) the other relevant information which is necessary for the members to take an informed decision on the proposed resolution.

The dissenting shareholders being those shareholders who have not agreed to the proposal to vary the terms of contracts or objects referred to in the prospectus, shall be given an exit offer by promoters or controlling shareholders at such exit price, and in such manner and conditions as may be specified by the Securities and Exchange Board by making regulations in this behalf.

Section 39 ALLOTMENT OF SECURITIES BY COMPANY

Section 39 contains provisions in respect of allotment of securities when there is a public offer:

(i) **Minimum Subscription-** The prospectus must state the minimum amount to be subscribed. Such minimum amount must be received from the subscribers or investors at the time of making application. No allotment of securities shall be made unless the minimum subscription has been received through cheque or other instrument.

(ii) **Minimum amount payable on Application-** The amount payable on application on every security shall not be less than five per cent of the nominal amount of the security or such other percentage or amount, as may be specified by the Securities and Exchange Board by making regulations in this behalf.

(iii) **Consequences if minimum amount is not subscribed-** If the stated minimum amount has not been subscribed and the sum payable on application is not received **within a period of thirty days from the date of issue of the prospectus,** or such other period as may be specified by the Securities and Exchange Board, then the application money shall be repaid **within a period of fifteen days from the closure of the issue** and if any such money is not so repaid within such period, the directors of the company who are officers in default shall jointly and severally be liable to repay that money with interest at the rate of fifteen per cent per annum.

(iv) **Return of Allotment-** Whenever a company having a share capital makes any allotment of its securities, the company shall, within thirty days thereafter, file with the Registrar a return of allotment in Form PAS-3, along with the fee as specified in *the Companies (Registration Offices and Fees) Rules, 2014*.
Along with the form PAS-3, a list of allottees shall be attached stating their names, address, occupation, if any, and number of securities allotted to each of the allottees and the list shall be certified by the signatory of the Form PAS-3 as being complete and correct as per the records of the company.
If securities are issued for consideration other than cash a copy of the contract, duly stamped, pursuant to which the securities have been allotted

shall be attached to form PAS-3. However, if the terms of contract are not reduced to writing, complete particulars of the contract stamped with the same stamp duty **as would have been payable** if the contract had been reduced to writing and those particulars shall be deemed to be an instrument within the meaning of the Indian Stamp Act, 1899.

Report of registered Valuer- A report of a registered valuer in respect of valuation of the consideration shall also be attached along with the contract. Attachment of Resolution in case of Bonus Shares- case of issue of bonus shares, a copy of the resolution passed in the general meeting authorizing the issue of such shares shall be attached to the Form PAS-3.
Report of Registered Valuer in case of Right Issue- In case of issue of right shares by a company other than a company whose equity share or convertible preference shares are listed on any recognised stock exchange the valuation report of the registered valuer shall be attached to form PAS-3.

Summary of Section 39-

Minimum Subscription money to be received	90% of the amount to be raised Within 30 days of issue of prospectus
Minimum Application Money	5% of the Nominal Amount
If Minimum Subscription not received	Amount to be refunded within 15 days of closure of issue
If Min Subsc. Received and Company makes allotment	Return of Allotment to be filed with the registrar within 30 days of allotment
Punishment in case of default	Co. shall pay- Rs. 1000 per day or Rs. 100000 Whichever is lower

Section 40 SECURITIES TO BE DEALT WITH IN STOCK EXCHANGES

(i) Filing of an application with recognised stock exchange:

Every company making public offer shall, before making such offer, make an application to one or more recognised stock exchange or exchanges and obtain permission for the securities to be dealt with in such stock exchange or exchanges.

(ii) Prospectus to state name of stock exchange:

The prospectus shall state the name of the stock exchange(s) in which the securities of the company shall be dealt with.

(iii) Maintaining of separate bank account:

All monies received on application from the public for subscription to the securities shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than—
(a) for adjustment against allotment of securities or
(b) for the repayment of monies, where the company is for any other reason unable to allot securities.

(iv) Condition purporting to waive compliance shall be void:
Any condition purporting to require or bind any applicant for securities to waive compliance with any of the requirements of this section shall be void.

(v) Penalty in case of default:
If a default is made in complying with the provisions of this section penalty shall be as follows:
Company- Minimum-Rs. 5 Lac and Maximum- Rs. 50 Lac
Defaulting Officer-Minimum- Rs. 50 Thousand and Maximum-Rs. 3 Lac

(vi) Payment of Commission:
A company may pay commission to any person in connection with the subscription to its securities subject to the following conditions:

- The payment of such commission shall be authorized in the company's articles of association;
- The commission may be paid out of proceeds of the issue or the profit of the company or both;
- **Rate of commission:** Following are the rates of commission-
  In case of shares- 5% of the issue price or the rate prescribed by articles, whichever is lower.
  In case of debentures-2.5% of the issue price or the rate prescribed by articles, whichever is lower.

(vii) **Disclosure of the particulars in prospectus:**
The prospectus of the company shall disclose the following particulars –

- the name of the underwriters;
- the rate and amount of the commission payable to the underwriter; and
- the number of securities which is to be underwritten or subscribed by the underwriter absolutely or conditionally.

(viii) **When no commission is to be paid:** There shall not be paid commission to any underwriter on securities which are not offered to the public for subscription

(ix) A copy of the contract for the payment of commission will be delivered to the Registrar at the time of delivery of the prospectus for registration.

MIS-STATEMENTS IN PROSPECTUS

Section 34 Criminal Liability For Misstatement in Prospectus

Where a prospectus:

- issued, circulated or distributed,
- includes any statement which is untrue or misleading in form or context in which it is included or
- where any inclusion or omission of any matter is likely to mislead,

Every person who authorises the issue of such prospectus shall be liable under section 447.

(nothing in this section shall apply to a person if he proves that such statement or omission was immaterial or that he had reasonable grounds to believe, and did up to the time of issue of the prospectus believe, that the statement was true or the inclusion or omission was necessary.)

Section 35 Civil Liability For Misstatement in Prospectus

Where a person has subscribed for securities of a company acting on any statement included, or the inclusion or omission of any matter, in the prospectus which is misleading and has sustained any loss or damage as a consequence thereof, the company and every person who—

(a) is a **director** of the company at the time of the issue of the prospectus;

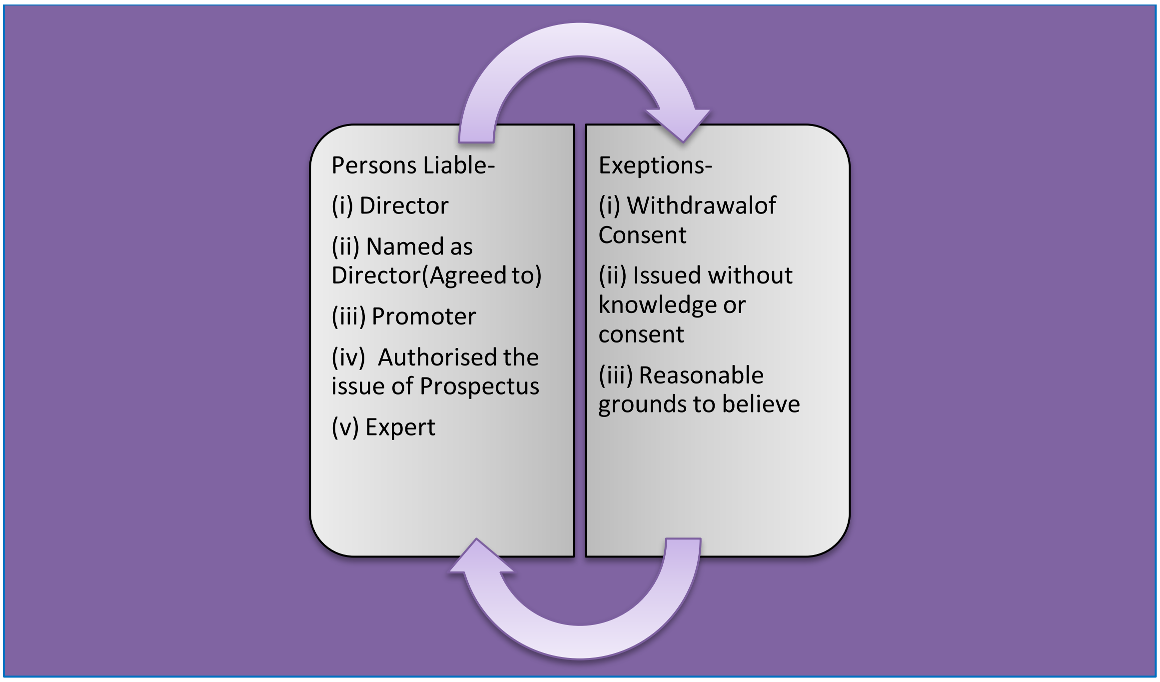
(b) has **authorised himself** to be named and is named in the prospectus as a director of the company, or has agreed to become such director, either immediately or after an interval of time;

(c) is a **promoter** of the company;

(d) has **authorised** the **issue of the prospectus**; and

(e) is an **expert** referred to in sub-section (5) of section 26,

shall, without prejudice to any punishment to which any person may be liable under section 36, be liable to pay compensation to every person who has sustained such loss or damage.



Exceptions:
No person shall be liable under Sub-section (1) if he proves—
(a) **Withdrawal of Consent:** that, having consented to become a director of the company, he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or
(b) **Issue without knowledge or consent:** that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue, he forthwith gave a reasonable public notice that it was issued without his knowledge or consent.
(c) **Reasonable grounds to believe:** that, as regards every misleading statement purported to be made by an expert or contained in what purports to be a copy of or an extract from a report or valuation of an expert, it was a correct and fair representation of the statement, or a correct copy of, or a correct and fair extract from, the report or valuation; and he had reasonable ground to believe and did up to the time of the issue of the prospectus believe, that the person making the statement was competent to make it and that the said person had given the consent required by sub-section (5) of section 26 to the issue of the prospectus and had not withdrawn that consent before filing of a copy of the prospectus with the Registrar or, to the defendant's knowledge, before allotment thereunder. [Sub-section (2)]

Where it is proved that a prospectus has been issued with intent to defraud the applicants for the securities of a company or any other person or for any fraudulent purpose, every person referred to in subsection (1) shall be personally responsible, without any limitation of liability, for all or any of the losses or damages that may have been incurred by any person who subscribed to the securities on the basis of such prospectus.

Section 36 PUNISHMENT FOR FRAUDULENTLY INDUCING PERSONS TO INVEST MONEY

Any person who, either knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading, or deliberately conceals any material facts, to induce another person to enter into, or to offer to enter into,-
(a) any agreement for, or with a view to, acquiring, disposing of, subscribing for, or underwriting securities; or
(b) any agreement, the purpose or the pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the value of securities; or
(c) any agreement for, or with a view to obtaining credit facilities from any bank or financial institution, shall be liable for action under section 447.

Section 37 Class Actions

According to Section 37, a suit may be filed or any other action may be taken under section 34 or section 35 or section 36 by any person, group of persons or any association of persons affected by any misleading statement or the inclusion or omission of any matter in the prospectus.

Section 42 Private Placement

Private placement means any offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer-cum-application, which satisfies the conditions specified in section 42.
A private placement shall be made:

- Only to a select group of persons who have been identified by the Board (herein referred to as "identified persons"),
- Whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company, in a financial year.
- According to Rule 14 (2) of the PAS Rules, an offer or invitation to subscribe securities under private placement shall not be made to persons more than two hundred in the aggregate in a financial year.
- Private placement shall be deemed to be a public offer if a company, makes an offer to allot or invites subscription, or allots, or enters into an agreement to allot, securities to more than the prescribed number of persons, and shall accordingly be governed by the provisions of Part I of Chapter III (Public offer).

A private placement shall be made only after the proposal to issue securities on private placement basis has been approved by the shareholders of the company by way of a special resolution.
Disclosures in the notice for Special Resolution:

(a) Particulars of the offer including date of passing of Board resolution;
(b) Kinds of securities offered and the price at which security is being offered;

(c) Basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
(d) Name and address of valuer who performed valuation;
(e) Amount which the company intends to raise by way of such securities;
(f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities.

Return of Allotment-A company shall not utilise monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar.

Joint holders of Securities-In case of joint holders, it is provided[9] that monies payable on subscription to securities to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application.

Limit on fresh offer-No fresh offer or invitation under this section shall be made unless the allotments with respect to any offer or invitation made earlier have been completed or that offer or invitation has been withdrawn or abandoned by the company.

Time limit of Allotment- A company making an offer or invitation under this section shall allot its securities **within sixty days** from the date of receipt of the application money for such securities and if the company is not able to allot the securities within that period, it shall repay the application money to the subscribers **within fifteen days from the expiry of sixty days** and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest **at the rate of twelve per cent per annum** from the expiry of the sixtieth day.

Return of Allotment- A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment.

Default in Filing the Return of Allotment-In case of default in filing return of allotment, the company, its promoters, directors shall be liable to-
One thousand Rupees per day (not exceeding twenty-five lakh rupees)

Punishment for Contravening the Private Placement Provisions- if a company makes an offer or accepts monies in contravention of section 42, the company, its promoters and directors shall be liable for a penalty which may extend to the amount raised through the private placement or two crore rupees, whichever is lower, and the company shall also refund all monies with interest as specified in sub-section (6) to subscribers within a period of thirty days of the order imposing the penalty.

Thank you

For any doubts or queries, please mail at kavitadariyani@gmail.com