

PROCEDURE FOR PRIVATE PLACEMENT OF SHARES

Section (1)(c) read with Sec-42

1. Check Provision in Article regarding Private Placement
2. Call Board Meeting:
 - To Prepare Offer Letter
 - Make Proposal for Private Placement
 - Prepare list of persons to whom option will be given
 - Call EGM
3. Call EGM:
 - Pass SR- will be valid for 12 month
 - If not completed PP in 12 Month pass another SR
 - Approve Draft Offer Letter by SR
4. File MGT-14 with ROC
 - Attachments:
 - Notice of EGM
 - CTC of SR
 - Minutes
5. Issue offer letter in PAS-4 within 30 days of record of name of persons:
 - Application form serially numbered
 - Address to the persons to whom the offer is made
6. Prepare complete record of Private Placement in PAS-5
7. File PAS-4 + PAS-5 with ROC within 30 days of issue of offer letter in GNL-2
8. Make Allotment of shares within 60 days of receipt of Money from the persons to whom right was given.
9. Called BM for allotment of shares

10. File PAS-3 with Roc within 30 days if Allotment.

Attachments:

- List of Allottees
- BR for allotment of share

11. File Form MGT-14 along with Resolution pass in Board meeting for allotment of shares.

12. Issue Share Certificates.

Regards,

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NOTE:

- An offer can be made under a Private Placement Offer Letter to not more than **200 people**. Not just the limitation of allotment to 200 people but even an invitation to subscribe cannot be made to more than 200 people. The 200 people limit excludes Qualified Institutional Buyers and Employees and the limit of 200 people is calculated individually for each kind of security. Obviously, there **cannot be a public announcement** of such offers.
- The application form has to be numbered and **addressed specifically to the person** to whom the offer is made along with the Offer Letter. Allotments can be made only to such persons
- The value of the Offer per person shall not be less than INR 20,000 of '**face value**' of securities. The payment for subscription should be through the **bank account of the person subscribing** to the securities and the company should keep a record of the bank account from where such payments have been received. No cash transaction is permitted. The money so received shall be kept in a **separate bank account** of the company and utilised only for allotment (or repayment).
- The **price of the security** has to be justified and the inference is that, it requires a valuation report by a Registered Valuer (can be a company secretary, chartered accountant or a cost accountant)
- **Non-compliance** can lead to a penalty of INR 2 crores or the amount involved in the offer, whichever is higher.

Regards,

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