

2. INTERCORPORATE LOANS AND INVESTMENTS

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Q.NO.1. WHAT CONDITIONS HAVE BEEN IMPOSED BY THE COMPANIES ACT RELATING TO INTERCORPORATE LOANS AND INVESTMENTS? (SEC.372A)

Provisions regarding intercorporate loans and investments were earlier contained in Sec's.370 and 372. These provisions have been considerably modified by insertion of Sec.372A, w.e.f. 31.10.98. Sec's.370 and 372 have been made non-operational by insertion of Sec.372A.

A. Scope of Sec. 372A:

Sec.372A regulates the following transactions:

1. Making any loan to any body corporate.
2. Acquiring the securities of any other body corporate.
3. Giving any guarantee or providing any security to:
 - a. A person who gives a loan to any body corporate; or
 - b. A body corporate which gives a loan to any other person.

B. Requirements for making loan, investment, guarantee or security:

1. Approval of the Board: Following points may be noted in this regard:

- a. **Approval in all cases:** Approval of the Board is required in all cases irrespective of the quantum of loan, investment, guarantee, or security.
- b. **Prior approval:** Approval of Board is to be obtained prior to making of loan, investment, guarantee, or security.
- c. **Resolution passed at a Board meeting:** The approval of Board shall be obtained by passing a resolution at a Board meeting only. Circular resolution under Sec. 289 or a resolution of committee of directors is not sufficient.
- d. **Power to make intercorporate loans and investments cannot be delegated:** It must be ensured that delegation of power under Sec. 292(1)(d) or 292(1)(e) does not result in a contravention of Sec.372A. Power to make intercorporate loans and investments cannot be delegated by a public company.
- e. **Unanimous approval:** All the directors present at the Board meeting must vote in favour of the resolution.
- f. **No specific notice:** Under Sec.372A, there is no requirement of giving specific notice to the directors.

2. Approval by special resolution:

- a. **'Ceiling limit'.** The ceiling limit on making loan, investment, guarantee, or security is higher of the following:
 - i. 60% of the aggregate of paid-up share capital and free reserves of the company.
 - ii. 100% of free reserves of the company.

Paid up capital shall include paid up equity share capital as well as paid up

preference share capital.

- b. Where ceiling limit is not exceeded:** Where the ceiling limit specified above is not exceeded, no special resolution is required.
- c. Where the ceiling limit is exceeded:** Where the aggregate of loan, investment, guarantee, or security already made together with loan, investment, guarantee, or security proposed to be made exceeds the ceiling limit, previous authorisation by a special resolution is required.
- d. Time of passing special resolution:** If limit under Sec.372A is exceeded, special resolution is required prior to making any intercorporate loan, investment, guarantee or security.
- e. Manner of passing special resolution:**
 - i.** The special resolution shall be passed in the general meeting (whether annual general meeting or extraordinary general meeting).
 - ii.** However, the special resolution shall be passed by postal ballot, if the following 2 conditions are satisfied:
 - The company is a listed company.
 - The proposed business relates to making of any intercorporate loan, guarantee, or security.

It is evident that special resolution shall be passed in general meeting (and not by postal ballot) if the proposed business relates to making of any intercorporate investment (irrespective of the fact that company is a listed company or not).

- f. Disclosure requirements in notice of special resolution:** The notice of special resolution must state clearly the following particulars:
 - i.** The specific limits
 - ii.** The particulars of other body corporate in which investment is proposed to be made or loan, guarantee, or security is proposed to be given.
 - iii.** Purpose of making loan, investment, guarantee, or security.
 - iv.** Specific sources of funding.
 - v.** Other relevant details.
- g. No blanket permission to be given by the shareholders:** The notice must also specify the specific securities in which the investments are proposed to be made. A blanket or en-block approval by the shareholders empowering the Board to make loans, investments, guarantee, or security upto a certain limit will not be adequate compliance of the provisions (except in the case of guarantee where the resolution may indicate an amount on annual basis) [Department Circular No. 8/99, dated 4.6.1999].
- 3. Approval of Public Financial Institution:** The Company shall obtain the prior approval of the Public Financial Institution from which it has taken a term loan. The prior approval is required even if the loan agreement does not specify any such condition. The expression 'Public Financial Institution' has been defined under Sec.4A and includes ICICI, IFCI, IDBI, LIC and UTI.
- 4. No default in respect of public deposits is subsisting.** A company which has defaulted in compliance with Sec. 58A (relating to public deposits) cannot make any loan, investment, guarantee, or security, until such default is subsisting. As such, where a company fails to repay public deposits or interest thereon, on the due date, it may make loan, investment, guarantee, security only after the default has been made good.
- 5. Minimum rate of interest:** The rate of interest chargeable on any intercorporate loan shall not be less than the prevailing bank rate. 'Bank rate' means the rate at which RBI lends money to commercial banks.

C. Relaxations in conditions:

- 1. No special resolution for guarantee:** The Board may give guarantee in excess of the ceiling

limit without passing a special resolution if the following three conditions are satisfied:

- a. A unanimous resolution is passed in a Board meeting for giving guarantee.
- b. There exist exceptional circumstances which prevent the company from passing a special resolution.
- c. The resolution of the Board is confirmed within 12 months:
 - i. in the general meeting of the company; or
 - ii. in the annual general meeting.

Held immediately after passing of the Board's resolution; whichever is earlier.

2. No approval of Public Financial Institution: No prior approval of Public Financial Institution is required, if the following two conditions are satisfied:

- a. The aggregate of loans, investments, guarantee, or security already made together with loan, investment, guarantee, or security proposed to be made does not exceed 60% of the aggregate of paid up share capital and free reserves.
- b. There is no default in repayment of loan installments or interest to Public Financial Institution.

Refer to practical questions from Examination.

P1: Listed Company making loans in excess of the ceilings.

P2: Giving a loan to a public company in which to Directors hold 30% Share Capital.

P3: Legal requirements for giving guarantee and providing security.

P4: Whether proposed loan and investments is permissible without passing special resolution.

P5: Making loans and investments.

P6 & P7: Investment exceeding the ceiling.

Q.NO.2.WHAT ARE THE TRANSACTIONS TO WHICH SEC.372A DOES NOT APPLY ? SEC.372A(8)

Transactions excluded: Sec.372A is not applicable to:

1. Loan / Guarantee / Security / Investment made / given by:

- a. A Banking Company, or
 - b. An Insurance Company, or
 - c. A Housing Finance Company, or
 - d. A Company established with the object of financing industrial enterprises or providing infrastructural facilities,
 - e. A Company whose principal business is the acquisition of shares, stock, debentures or other securities,
 - f. A Private Company, unless it is a Subsidiary of a Public Company.
- } In the ordinary course of its business.

2. Investment made in shares allotted u/s 81(1)(a), i.e. Rights Shares,

3. Loan made by a Holding Company to its wholly – owned Subsidiary,

4. Guarantee given or security provided by a Holding Company, in respect of loan made to its wholly – owned Subsidiary, or

5. Acquisition by a Holding Company by way of subscription, purchases or otherwise, the securities of its wholly – owned Subsidiary.

Q.NO.3. WRITE SHORT NOTES ON MAINTENANCE OF REGISTER IN RESPECT OF INTER-CORPORATE LOANS AND INVESTMENTS U/S 372A? (SEC.372A(5)&(6))

1. **Contents:** Every Company shall keep a Register showing the following particulars in respect of every investment or loan made, guarantee given or security provided by it in relation to Body Corporate:
 - a. Name of the Body Corporate.
 - b. Amount, terms and purpose of the investment / loan / security / guarantee.
 - c. Date on which the investment / loan has been made, and
 - d. Date on which the guarantee has been given or security has been provided in connection with a loan.
2. **Date-wise:** The particulars of investment, loan, guarantee or security should be entered chronologically in the Register.
3. **Time Limit:** The particulars should be entered **within 7 days** of the making of the investment or loan, or the giving of the guarantee or the provision of security.
4. **Place:** The Register should be kept at the Register Office of the Company.
5. **Rights of Members:** The Members of the Company have the right to:
 - a. Inspect the Register maintained at the Registered Office.
 - b. Take extracts and copies from the Register.

} In the same manner as Register of Members.
6. **Consequences of default:** The Company and every Officer in default shall be punishable with fine upto Rs.5,000 and with a further fine upto Rs.500 for every day after the first day during which the default continues.

Q.NO.4. WHAT ARE THE CONSEQUENCES OF NON-COMPLIANCE WITH SEC.372A REQUIREMENTS? (SEC.372A(9)&(10))

1. The Company and every Officer in default shall be punishable with imprisonment upto 2 years, or with fine upto Rs.50,000. Where repayments of loans have been made in full, imprisonment shall not be imposed, and where part payments are made, imprisonment shall be proportionately reduced.
2. All persons who are knowingly parties to any contravention shall be liable jointly and severally to the Company for:
 - a. Repayment of the loan, or
 - b. Making good the sum which the Company may have been called upon to pay on account of the guarantee given or the securities provided by such Company.
3. Transaction in violation of Sec.372 is **void and ineffective**. A transaction which is forbidden in public interest cannot be made lawful by paying a penalty for it.

PRACTICAL QUESTIONS

P.Q.1. The Board of directors of M/s Greenfield Projects Limited, a company whose shares are on the Delhi Stock Exchange proposes to give loans to a sister company in excess of the prescribed under section 372A(1) of the Companies Act, 1956. The next annual general meeting the company is due only after six months. Since the Board is anxious to complete the formalities quickly without waiting for the day of the next annual general meeting, advise the Board about the steps to be taken to comply with the legal requirements under the Companies Act, 1956. [CA (Final), May 2002]

Ans. Following requirements shall be complied with if the ceiling limit prescribed under section 372A is exceeded;

1. Unanimous approval of the Board shall be obtained by passing a resolution at a Board meeting.
2. A special resolution shall be passed in a general meeting. There is no requirement that the special resolution shall be passed only at an annual general m Following points must be noted:
 - a. The postal ballot is mandatory in the case of a listed company if the limit prescribed

under Sec.372A (1) is exceeded [Sec.192A read with Rule 4 of Companies (Passing of Resolution by Postal Ballot) Rules, 2001).

- b. The notice of special resolution shall state the specific limits, particulars of the company to which loan is to be given, specific source of funding and other relevant details.
 - c. The company shall file a copy of the special resolution with the registrar *within 30 days* of passing the special resolution.
3. The rate of interest chargeable on the loan shall not be less than the prevailing bank rate.
 4. The company shall obtain the prior approval of the Public Financial Institution from whom it has taken a term loan.
 5. The company shall ensure that no default in respect of Sec. 58A (public deposits) is subsisting.
- The prescribed particulars shall be entered in the register maintained under Sec.372A(5).

P.Q.2. ABC Forgings Limited proposes to make a loan of Rs.5 lakhs to PQR Limited, a Company in which two directors of ABC Forgings Limited hold 30 per cent of the total equity share capital. The proposed loan together with the intercorporate loans and investments already made do not exceed 60 per cent of paid-up share capital and 100 per cent of free reserves of ABC Forgings Limited. Examine the above proposal with reference to the provisions of section 372A of the Companies Act 1956. Whether the provisions of section 295 containing the marginal notes of 'Loans to Director, etc.' would also be applicable in this case? [CA (Final), Nov.2003]

(OR)

DEP Limited having subscribed share capital of Rs. 5 crores and free reserves of Rs. 3 crores has not so far given any loan or guarantee to body corporates. Examine with reference to the provisions of the Companies Act, 1956 the legal requirements to be complied with by the company for granting a loan of Rs. 10 lakhs to MN Limited in which 30% of the equity shares is held by one of the directors of DEP Limited. [CA (Final), May,1998]

Ans. As per Sec. 295, a *public company* shall not, directly or indirectly, make any loan to a director or any other person specified under Sec.295, unless it obtains previous approval of the Central Government. 'A body corporate at a general meeting of which 25% or more voting power is exercised by a director of the company' is also covered under Sec.295. Moreover, where a company makes a loan to a corporate, it shall comply with the provisions of Sec.372A.

The following legal requirements must be complied with in the present case:

1. The Board of ABC Forgings Limited shall consider the contract relating to give loan to PQR Limited. Since two directors of ABC Forgings Limited are interested they shall disclose their interest, shall not be counted in quorum, and shall not vote Sec's.299 and 300). Necessary entries will be made in the register of contracts (Sec. 301).
2. ABC Forgings Limited shall make an application to the Central Government for approval under section 295. Only on receipt of the approval of the Central Government, ABC Forgings Limited will make a loan to PQR Limited (Sec. 295)

The Following requirements of Sec.372A shall also be fulfilled:

- a. A resolution shall be passed at a Board meeting of ABC Forgings Limited with the consent of all the Directors present meeting.
- b. Approval of Public Financial Institution shall be obtained. However; if there is no default in repayment of principal or interest, the approval of Public Financial Institution is not required (since the ceiling limit of 60% is not exceeded).
- c. The company shall ensure that no default of Sec.58A (relating to public deposits) is subsisting.
- d. Since, the ceiling limit specified under Sec. 372A (60% of aggregate of paid up capital and free reserves or 100% of free reserves, whichever is higher) is not exceeded, no special resolution is required.

P.Q.3. Premier Housing Finance Company Limited is prepared to give housing loans to the employees of Supreme Chemicals Limited subject to the condition that the loans are guaranteed by Supreme Chemicals Limited. Supreme Chemicals Limited is not a listed company and the company

will be exceeding the limits prescribed under the Companies Act, 1956 by providing such guarantee. The company desires to give the guarantee early as part of employees' welfare measure without for the next annual general meeting, which is due only after eight months. Advise the company about the legal requirements under the Companies Act, 1956 to give effect to the above proposal. What would be your advice, if the company was required to provide security instead of guarantee?

Ans: Refer Question No. 1 Above for exceptions from special resolution of shareholders.

1. Since the AGM is due to be held in 8 months, the Board **may give guarantee** without being previously authorized by special resolution subject to fulfillment of 3 conditions stated.
2. The above exceptions is only for **"guarantee"** and **not** for **"security"**. So, the company has to obtained prior approval of the shareholders for providing **"security"**.

P.Q.4.Following data is available from the audited Balance Sheet as at 31-03-2008 of ASK Ltd.

Liabilities	Rs.	Assets	Rs.
SHARE CAPITAL:		FIXED ASSETS:	
Equity share capital (5,00,000 shares of Rs.10 each fully paid up in cash)	50,00,000	Goodwill	10,00,000
Less: Calls in Arrears	50,000	Land and Buildings	75,00,000
	49,50,000	Plant and Machinery	1,50,00,000
Preference share capital	15,00,000	Furniture and other assets	2,50,000
Share application money	10,00,000		
RESERVES AND SURPLUS:		INVESTMENTS:	
Securities premium	15,00,000	Equity shares in wholly-owned subsidiary KMC Ltd.	12,50,000
Capital redemption reserve	12,00,000	Equity shares representing 90% of share capital of MTC Ltd.	4,50,000
Fixed assets revaluation reserve	10,50,000	Debentures in SKT Ltd.	12,00,000
Sinking fund reserve	11,00,000	Preference shares in HUT Ltd.	5,00,000
General Reserve	40,00,000	Capital account balance in partnership firm – BKP & Co.	8,00,000
Profit and Loss Account	22,00,000	CURRENT ASSETS:	
Dividend Equalisation Reserve	6,00,000	Stock and Book Debts	14,00,000
SECURED LOANS:		Cash and Bank Balances	1,00,000
Cash Credit facility from Bank	1,00,00,000	LOANS AND ADVANCES:	
Fixed Deposits (from general public maturing after 31-12-2008)	20,00,000	Inter corporate deposits	25,00,000
CURRENT LIABILITIES & PROVISIONS:		Business Advances	14,00,000
Current liabilities	12,50,000		
Provision for Taxation	10,00,000		
Total	3,33,50,000	Total	3,33,50,000

The Directors of the Company want to make further investments stated below by taking a decision in the meeting of the Board of Director without seeking approval of the Shareholders.

- | | |
|--|--------------|
| a) Loan to KMC Ltd. | Rs.25,00,000 |
| b) Loan to MTC Ltd. | Rs.15,00,000 |
| c) Purchase of further Debentures in SKT Ltd. | Rs.8,00,000 |
| d) Purchase of shares from the open market in Glaxo Ltd. | Rs.15,00,000 |

State whether the Directors can do so and mention the relevant calculations.

Ans. Notes / Observations:

1. Share Application Money is **not includible** in Free Reserves. [Sec.372A]
2. Capital Redemption Reserve, Fixed Asset Revaluation Reserve and Sinking Fund Reserve are not available for distribution of dividend, and hence not "Free Reserves".
3. Dividend Equalisation Reserve is held for distribution as dividend, and hence a "Free Reserve".
4. It is observed that Company has not defaulted u/s 58A in respect of Public Deposits.
5. Equity Shares held in wholly-owned Subsidiary, and proposed loan to wholly-owned Subsidiary is outside the purview of Sec.372A.

6. Investment in Capital of Partnership Firm is **not "Investment"** for Sec.372A purposes.
 7. Purchase of Shares includes Purchase from Open Market also.

Particulars	Rs.	Rs.
1. Paid Up Capital (a) Equity Share Capital (b) Preference Share Capital	49,50,000 <u>15,00,000</u>	64,50,000
2. Free Reserves: (a) Securities Premium (b) General Reserve (c) Profit & Loss A/c (d) Dividend Equalisation Reserve	15,00,000 40,00,000 22,00,000 <u>6,00,000</u>	83,00,000
3. Maximum Amount u/s 372A without Shareholders' Approval = Higher of (a) 60% of Paid Up Cap. & Free Reserves [60% of (64,50,000 + 83,00,000)] (b) 100 % of Free Reserves.	88,50,000 <u>83,00,000</u>	88,50,000
4. Investments / Loans already made: (a) Equity Shares in MTC Ltd. (b) Debentures in SKT Ltd. (c) Preference Shares in HUT Ltd. (d) Inter-Corporate deposits.	4,50,000 12,00,000 5,00,000 <u>25,00,000</u>	46,50,000
5. Further amount that can be invested without Shareholders' Approval =(3) -(4)		42,00,000
6. Proposed Investments / Loans: (a) Loan to MTC Ltd. (b) Debentures in SKT Ltd. (c) Shares in Glaxo Ltd.	15,00,000 8,00,000 15,00,000	38,00,000

Conclusion: Since the proposed additional investment is within the amount permissible as calculated above, the Directors, by passing a unanimous resolution in a Board Meeting, can make the proposed additional investment / loans.

P.Q.5. Following is the latest audited Balance Sheet of XYZ Ltd.

Capital and Liabilities	Rs.	Assets	Rs.
Equity Share Capital (10,000 shares of Rs100 each)	10,00,000	Goodwill	1,00,000
Less Calls unpaid	<u>10,000</u>	Land and buildings	10,50,000
	9,90,000	Plant and Machinery	20,25,000
Preference Share Capital	1,50,000	Equity Shares in A Ltd.	1,25,000
Securities Premium A/c	1,50,000	Preference Shares in B Ltd.	50,000
Capital Redemption Reserves	2,25,000	Securities Premium A/c	1,50,000
General Reserve	5,00,000	Debentures in C Ltd	1,00,000
Profit and Loss A/c	2,20,000	Shares in P Ltd.	2,25,000
Sinking Fund Reserve	1,10,000	Capital in Z & Co.	1,00,000
Dividend Equalisation Reserve	60,000	Current Assets	55,000
Loan from TICC	10,00,000		
Deposits from S Ltd	2,00,000		
Liabilities	1,25,000		
Provision for Taxation	1,00,000		
	38,30,000		38,30,000

The following is the additional information:

1. The equity share capital, 3,000 shares have been issued as rights shares and 2,000 shares as bonus shares.
2. B Ltd. is subsidiary of XYZ Ltd. with 90% shareholding, whereas A Ltd. is wholly owned subsidiary of XYZ Ltd.
3. Z & Co. is a partnership firm.

The directors seek advise as to whether the following additional investments can be made by decision taken in a Board Meeting:

- | | |
|--|---------------|
| 1. Loan to A Ltd: | Rs. 10,00,000 |
| 2. Debentures in B Ltd. | Rs 2,25,000 |
| 3. Purchase of shares of Shree Ltd. in the open market | Rs. 95,000 |

State Reasons.

Ans.

Particulars	Rs.	Rs.
1. Paid Up Capital (a) Equity Share Capital (b) Preference Share Capital	9,90,000 <u>1,50,000</u>	11,40,000
2. Free Reserves: (a) Securities Premium (b) General Reserve (c) Profit & Loss A/c (d) Dividend Equalisation Reserve	1,50,000 5,00,000 2,20,000 <u>60,000</u>	9,30,000
3. Maximum Amount u/s 372A without Shareholders' Approval = Higher of (a) 60% of Paid Up Cap. & Free Reserves [60% of (11,40,000 + 9,30,000)] (b) 100 % of Free Reserves	12,42,000 <u>9,30,000</u>	12,42,000
4. Investments already made (a) Preference Shares in B Ltd ; (b) Debentures in C Ltd. (c) Shares in P Ltd.	50,000 1,00,000 2,25,000	3,75,000
5. Further amount that can be invested without Shareholders' Approval =(3) -(4)		8,67,000
6. Proposed Investments: (a) Debentures in B Ltd. (b) Shares in Shree Ltd.	2,25,000 95,000	3,20,000

Conclusion:

1. Since the additional proposed investment is within the limit, the Directors may, by passing a resolution at a Board meeting and obtaining the consent of all the Directors present, approve the proposed investment. Special resolution is **not necessary**.
2. Prior approval of the Financial Institution, TICC is not required as such, since the proposed investments is less than 60% paid up capital and free reserves and if there is no default in repayment of loan installments or interest thereon as per terms and conditions of such loan.

Note: Since A Ltd. is a wholly-owned subsidiary, existing investment is Equity Shares and proposed loan is **excluded** in the above calculation of ceiling limit u/s 372 A.

P.Q.6. ABC Engineering Limited proposes to invest Rs. 20 lakhs in the equity shares of PQR Trading Limited. The proposed investment together with the investments in securities of companies and loans to body corporate already made exceed 60 per cent of the paid-up share capital and also 100 of free reserves of the company. The company has taken term loans from IDBI. Explain the procedure to be followed by ABC Engineering Limited to give effect to the proposed investment. [CA (Final, May 2004)]

Ans. Intercompany loans and investments are governed by the provisions of Sec.372A. In the present case the proposed investment of Rs. 20 lakhs in the equity shares of PQR Trading Limited together with the investments in securities of companies and loans to body corporate already made exceed the Ceiling limit, i.e., 60 per cent of the paid-up share capital or 100 per cent of free reserves, whichever is higher. Therefore, a special resolution is required for the proposed investment. The company shall adopt the following procedure for making investments in PQR Trading Limited:

1. Unanimous approval of the Board shall be obtained by passing a resolution at a Board meeting.
2. A special resolution shall be passed in the general meeting.
 - a. The notice of special resolution shall state the specific limits, particulars of the company to which loan is proposed to be given, specific source of funding and other relevant details.
 - b. The company shall file a copy of special resolution with the registrar within 30 days of passing the special resolution.
 - c. If the company is a listed company, it shall pass the resolution by postal ballot as prescribed under section 192A.
3. The company shall obtain the prior approval of IDBI, the Public Financial institution from whom it has taken a term loan.
4. The company can make such investments only if no default in respect of deposits is subsisting.
5. The prescribed particulars shall be entered in the register maintained under se 372A (5).

P.Q.7. M/s. Sharda Fertilizers Ltd. proposes to acquire equity shares of ABC Ltd. worth Rs. 19 lakhs on the basis of the following information advise Sharda Fertilizers Ltd. about the requirements to be complied with under Companies Act, 1956 for the proposed investment in ABC Ltd.:

Authorised Share Capital	Rs.50,00,000
Issued subscribed and paid-up capital	Rs.25,00,000
Free Reserves	Rs. 5,00,000

(CA (Final. Nov. 2002 (New Course))

Ans. Intercompany loans and investments are governed by the provisions of section 372A First determine whether a special resolution is required for making fresh investments. This can be determined as follows:

Paid up capital of the company (A)	Rs.25,00,000
Free reserves (B)	Rs. 5,00,000
Aggregate of paid up capital and free reserves (C)	Rs.30,00,000
60% of aggregate of paid up capital and free reserves (D)	Rs.18,00,000
Higher of (B) or (D), i.e., the ceiling limit for intercompany loans, Investments etc. without requiring a special resolution	Rs.18,00,000
Proposed investment in equity shares of ABC Limited	Rs.19,00,000

Since the proposed investment exceeds the ceiling limit, a special resolution is required.

The company shall adopt the following procedure for making investments in ABC Ltd.

1. Unanimous approval of the Board shall be obtained by passing a resolution at a Board meeting.
2. A special resolution shall be passed in the general meeting.
 - a. The notice of special resolution shall state the specific limits, particulars of the company to which loan is proposed to be given, specific source of funding and other relevant details.
 - b. The company shall file a copy of special resolution with the registrar within 30 days of passing the special resolution.
 - c. If the company is a listed company, it shall pass the resolution by postal ballot as prescribed under section 192A.
3. The company shall obtain the prior approval of the Public Financial Institution, if any, from whom it has taken a term loan.
4. The company can make such investments only if no default in respect of Public deposits is subsisting.
5. The prescribed particulars shall be entered in the register maintained under Sec.372A (5)

The End