

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)

**BHUBANESWAR BRANCH (EIRC)**



**OCTOBER - 2021**

**e-News Letter/10/2021-22**

ICAI BHAWAN, PLOT NO- A/122/1  
NAYAPALLI, BHUBANESWAR – 751 012



## From Chairman's Desk

Dear Professional Colleagues,  
Greetings of the day!

Wishing you all a very Happy Dasara!

It's that time of the year where excitement is at its peak. The month of October is acknowledged to be auspicious across cultures, with the celebration of Navratri, followed by Dasara, as these festivals signify the victory of good over evil.

With industry and businesses responding to market trends and continue to grow in size, CA firms too need to respond proportionally. Clients would rather engage a larger firm that can offer them all their required services under one roof, than engage multiple firms that offer them a specific form of service. Seeing how a substantial number of firms today are single proprietary concerns, the scope of services that can be offered by such firms is limited at best. Through mergers and acquisitions and consistent networking practices, smaller firms can grow in size and expertise, allowing for them to offer a greater range of services to their clients.

Thank you, stay safe and stay healthy.

CA. Bisworanjan Sutar  
Chairman

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## Editorial Board

### Editor-in-Chief:

CA Bisworanjan Sutar

### Editors:

CA Ranjan Kumar Prusty

### Members:

CA Goutam Lenka

CA Janhabhi Deo

CA Pradip Kumar Sahoo

CA Bibhu Prasad Mohapatra

CA Sugyan Kumar Sahoo

### RELEASED BY:

**CA. Bisworanjan Sutar**

Chairman,

Bhubaneswar Branch of

EIRC of ICAI

Plot No- A-122/1, Nayapalli,

Bhubaneswar - 751012

Phone: 91 674-2392391

E-Mail: [bhubaneswar@icai.org](mailto:bhubaneswar@icai.org)

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***MANAGING COMMITTEE MEMBERS  
OF BHUBANESWAR BRANCH OF EIRC OF ICAI (2021-22)***



CA. Bisworanjan Sutar  
Chairman



CA. Ranjan Kumar Prusty  
Vice Chairman



CA. Janhabi Deo  
Secretary



CA. Goutam Lenka  
Treasurer



CA. Pradip Kumar Sahoo  
Member



CA. Bibhu Prasad Mohapatra  
Member



CA. Sugyan Kumar Sahoo  
Member



**Private Placement under Sec 42 of the Companies Act 2013**

CA. Subha Prakash Mishra

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 being offered securities under a scheme of employees stock option in terms of provisions of clause (b) of sub-section (1) of section 62], in a financial year subject to such conditions as may be prescribed.

As Per Section 42, 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.

Explanation: For the purposes of this sub-rule it is hereby clarified that the restrictions aforesaid would be reckoned individually for each kind of security that is equity share, preference share or debenture.

Every identified person willing to subscribe to the private placement issue shall apply in the private placement and application issued to such person along with subscription money paid either by cheque or demand draft or other banking channel and not by cash.

**Key Points**

- Company shall not utilize monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar in accordance with sub-section (8).
- 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.
- The money received on application under this section shall be kept in a separate bank account in a scheduled bank and shall not be utilized for any purpose other than-
  - (a) for adjustment against allotment of securities; or
  - (b) for the repayment of monies where the company is unable to allot securities.





- No company issuing securities under this section shall release any public advertisements or utilize any media, marketing or distribution channels or agents to inform the public at large about such an issue.

There is no minimum offer Size for private placement (Prospectus and Allotment of Securities) second Amendment Rules, 2018 With Effect from 7<sup>th</sup> August 2018.

**Time Limit for Allotment of Securities:**

- ✚ The Securities shall be allotted within 60 days from the date of receipt of application money.
- ✚ ***If the Company fails to allot the securities within 60 days, then it shall repay the application money to the subscribers within 15 days from the expiry of 60 days.***
- ✚ Even if the Company fails to repay the application money within the said period i.e 15 days then it shall be liable to repay the money along with interest @12% per annum which shall be calculated from the expiry of 60 days.

**Checklist for private placement**

- Hold Board Meeting
  1. To approve the list of identified persons to whom the securities are to be allotted.
  2. To approve the draft offer letter
  3. To call Extra Ordinary General Meeting.
- Hold Extra Ordinary General Meeting to pass Special Resolution in approving Private Placement and approve the Letter of Offer.

Provided that in the explanatory statement annexed to the notice for shareholders' approval, the following disclosure shall be made:-

- 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.



➤ File the Special Resolution (**Form MGT-14**) within 30 days from the date EGM. Circulate PAS-4 (Letter of offer) to the person to whom the offer is made. It shall be sent either in writing or in electronic mode.

*A company shall issue private placement offer cum application letter only after filling MGT-14.*

- The company shall maintain a complete record of private placement offers in **Form PAS-5**.
- File **PAS-3** within 15 days of allotment along with a complete list of all the allottees containing-
  - (i) the full name, address, permanent Account Number and E-mail ID of such security holder;
  - (ii) the class of security held;
  - (iii) the date of allotment of security ;
  - (iv) the number of securities , nominal value and amount paid on such securities; and particulars of consideration received if the securities were issued for consideration other than cash.

#### Penalty for Violation

If the Company is a defaulter in filing the return of allotment within the period prescribed under sub-section (8), the company, its promoters and directors shall be liable to a penalty for each default of one thousand rupees for each day during which such default continues but not exceeding twenty-five lakh rupees.

Subject to sub-section (11), 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 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



## Programme to be held during November, 2021

### a. Members

1. Preparatory meeting with past Chairman's and Senior members of Branch for National CA Conference 2021 on 6th, 11th, 15th, 22nd November, 2021.
2. Branch Participation at State Level Coordination Committee (SLCC) meeting
3. National CA Conference on 26th & 27th November, 2021

### b. Students

1. ICITSS- Information Technology Class
2. ICITSS- Orientation course.
3. Career Counselling Programme at Fakir Mohan Autonomous college



## Glimpses

