

DISCLOSURE OF INTEREST BY DIRECTOR

➤ As per the provisions of Section 184 and Section 189(2) of the Companies Act, 2013, every **Director and the Key Managerial Personnel (KMP) of the Company** shall :

- at the first meeting of the Board in which he participates as a director and
- thereafter at the first meeting of the Board in every financial year or
- whenever there is any change in the disclosures already made, then at the first Board meeting held after such change,

disclose his concern or interest in any company or companies or bodies corporate (where he is Director, Promoter, Manager, Chief Executive Officer or holding shares more than 2% of total share capital), partner in the firms or member of other association of individuals which shall include the shareholding, **Form MBP 1**.

- The Company has to pass a Board resolution taking Form MBP 1 on record and file **such resolution in Form MGT 14 with RoC in 30 days** from the date of Board Meeting
- A Director on his appointment, should furnish to the Company Form MBP1, even if he participates or not in such meeting where he is appointed. This should be done in order to comply with the requirements of filing of Form DIR 12 with the Registrar of Companies in 30 days on his appointment, this is required practically, as in DIR 12 form the details of his concern or interest in other entities are to be disclosed.
- The Director and the KMP who is in any way whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company, where he is interested or concerned , shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.
- Any Director or KMP who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- A contract or arrangement entered into by the company without disclosure or with participation by a director who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the company.
- If a Director of the company fails to give such disclosures, such director shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than INR 50,000/- (Fifty Thousand Rupees) but which may extend to INR 1 Lac (One Lac Rupees), or with both.