Date....................

Issue of Shares on Prefrential Basis

Pursuant to $\boxed{\text{Section 62(1)(C)}}$ of Companies Act 2013

Meaning: when issuer company issues its shares among particular group/class of persons other than existing shareholders either for:-

1) Cash or
2) for a consideration other than Cash.

Eg: → Promoters
→ Qualified Institutional Buyers (QIB)
→ NII

It does not Include:- Issue through
- Public Issue
- Right-Issue
- Employee Stock Optn
- Sweat Eq. shares
- Bonus Shares
- ~~AD~~ Depository Rs. India/outside India

Procedure to Issue Prefrential Shares

(A) LISTED COMPANY

Act & Regulations made by SEBI (Securities Exchange Board of India)

(B) UNLISTED COMPANY

Acts and Rules made under Companies Act 2013.

Spiral

(A) **LISTED COMPANY** following guidelines along with SEBI

(B) **UNLISTED COMPANY**

Conditions:

1) Authorised by AOA.

2.) Special Resolution has been passed by shareholders.
MGT-14 within 30 days of passing S/R → ROC.

3) While taking decision, Information that shall be annexed to notice of general meeting (Explanatory Statement).
→ Object of the issue
→ Total no. of shares to be issued
→ Price or price band
→ Basis of price
→ Relevant Date
→ Proposed time within which allotment shall be completed
→ Name of the proposed allottees.
→ Pre and post-issue shareholding pattern
→ No. of persons to whom allotment on preferential basis have already been made during the year.

4.) Allotment shall be completed within 12 months from the date of passing S/R.

5.) If not completed within 12 months, another S/R shall be passed to complete the allotment.

Date..................

→ In case of unlisted only

6) Price, shall be determined on the basis of Valuation report of a Registered Valuer.

Registered Valuer shall submit a valuation report to the company giving justification.

7) WHERE CONVERTIBLE SECURITIES ARE OFFERED

↓

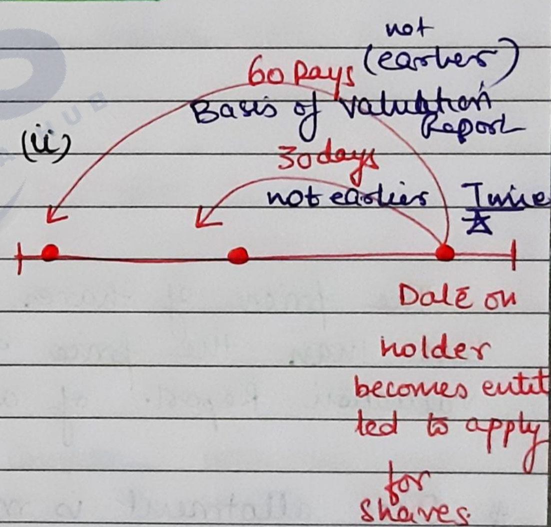
THE PRICE OF THE RESULTANT SHARES

↓

SHALL BE DETERMINED

(i) At the time when the offer of convertible securities is made
(Valuation Report)

(ii)



The company shall take decision from (i) or (ii) at the time of offer of convertible security itself & make disclosures in Explan. Statement (102)

8) (i) If Pref. offer is made for Cash → Valuation Report
(ii) for non-Cash then, treated in following manner in Books of account.

Spiral

Date..................

(i) Form of Depreciable, amortizable asset.
↓
it shall carried out to balance sheet of the Co. with the Accounting Std.

(or)

(ii) If clause (i) is not applicable
↓
it shall expensed as provided in A/c. Std's
↓
Until Registd. Valuer is appointed in accordance with the provisions of the Act.

Merchant Banker Registerd with SEBI

(or)

CA in practice maxm exp of 10 yrs.

The price of shares on Pref. basis shall not be less than the price determined on the basis of valuation Report of a Registered Valuer.

★ Once allotment is made → 30 days → file PAS-3 (+fee) to ROC

★ Deliver Share Certificates $\xrightarrow{\text{within}}$ 2 months from the dt of Allotment.

What is Relevant Date: →

Relevant date ← prior 30 Days → S/R

Lock-in Period

3 Yrs