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PROCEDURE FOR INCREASE IN AUTHORIZED  
SHARE CAPITAL OF THE COMPANY AND  
ALLOTMENT OF SHARES



## BACKGROUND

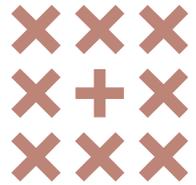
The purpose of this presentation is to highlight the brief procedure for increase in Authorized Share Capital of the Company and allotment of Share Capital as per the relevant provisions of Companies Act, 2013 and other Statutory laws as applicable in India.



## BACKGROUND

Every Company is incorporated with share capital which is known as “Authorized Share Capital”. This Capital sets the limit within which Shareholders can invest in the Company and for meeting additional financial requirements of the Company from time to time, there is an imperative need to increase the Authorized Capital of the Company.

Likewise, pursuant to the investments made by the investors in the share capital of the Company, the Company may allot the shares to the said investors through either of the modes of Right Issue or Private Placement.

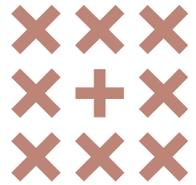


# PROCEDURE FOR INCREASE IN AUTHORIZED SHARE CAPITAL

# Steps for increase in Authorized Share Capital

- Step 1** *The first step is to convene a Board Meeting of the Board of the Directors (“BOD”) of the Company to consider the increase in Authorized Share Capital (“ASC”) of the Company and simultaneously calling the General Meeting of Shareholders of the Company for their approval to the said increase.*
- Step 2** *The next step is to convene and hold General Meeting of the Shareholders of the Company for according their consent by way of passing resolution to the increase in ASC of the Company.*
- Step 3** *Filing of the resolution passed by the Shareholders with the Registrar of Companies (“ROC”) in the prescribed e-form within thirty days of General Meeting.*
- Step 4** *Post approval of the said Form by ROC, the said increase in ASC of the Company is suitably reflected in the Company’s master data on the portal of ROC.*





# PROCEDURE FOR ALLOTMENT OF SHARE CAPITAL

# Options for allotment of share capital

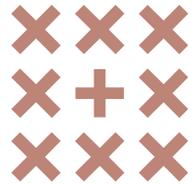
## RIGHT ISSUE

Pursuant to the Provisions of Companies Act, 2013, Company desirous of raising funds from its existing equity shareholders, may offer and allot shares to such existing equity shareholders only in proportion to the paid up share capital held by them in the Company and this mode of allotment of shares is known as "Right issue".

## PRIVATE PLACEMENT

In cases where Company wishes to offer and allot securities, comprising a wide range of Equity Shares, Preference Shares and Debentures to selected group of persons, which may be existing shareholders as well as outsiders within the limit of 200 allottees in a Financial Year, then such a mode of allotment of securities is "Private Placement".





# PROCEDURE FOR ALLOTMENT OF SHARES BY RIGHT ISSUE

# Steps for allotment of shares by Right Issue

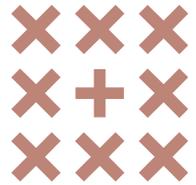
- Step 1**      *The first step is to convene a Board Meeting of the Board of the Directors (“BOD”) of the Company to obtain approval for the issuance of shares through right issue.*
- Step 2**      *The next step is to dispatch the offer letter to all the existing equity shareholders of the Company at least three days before the opening of issue.*
- Step 3**      *Post the dispatch of offer letter, the offer is open for minimum 15 to maximum 30 days thereby enabling the offeree(s) to subscribe to the shares offered to them within the said time period. Further this window of 15 days may be lessened with the consent of 95% of members of the Company.*
- Step 4**      *Receipt of share application money from the shareholders who have subscribed to the shares offered by the Company.*
- Step 5**      *Further on the expiry of the aforesaid period of offer letter or subscription of shares offered to the shareholders, whichever is earlier, BOD hold their meeting for effecting allotment of shares, which should be done within 60 days from the receipt of application money*



# Steps for allotment of shares by Right Issue

- Step 6** *Filing return of allotment in the prescribed e-form with Registrar of Companies (“ROC”) within 30 days of Board Meeting.*
- Step 7** *In case the allottees are foreign shareholders, then the application money is received from them through foreign inward remittance and filing of the same is required to be done with Reserve Bank of India (“RBI”) under FIRMS platform in the prescribed form within 30 days from the date of allotment.*
- Step 8** *Issue of share certificates (within 60 days from the date of BM for allotment of shares) and Payment of stamp duty on issue of shares (within 30 days from the date of issue of Share Certificate)*





# PROCEDURE FOR ALLOTMENT OF SHARES BY PRIVATE PLACEMENT

# Steps for allotment of shares by Private Placement

- Step 1** *The first step is to convene a Meeting of the Board of the Directors (“BOD”) of the Company to consider issuance of shares and convene General Meeting of Shareholders of the Company for their approval to the issue of shares by private placement.*
- Step 2** *The next step is to convene and hold General Meeting of Shareholders according their consent to the issue of shares by private placement by way of special resolution*
- Step 3** *Filing the resolution passed in the General Meeting of Shareholders in the prescribed e-form with Registrar of Companies (“ROC”) within 30 days of General Meeting.*
- Step 4** *Opening a separate bank account in which all the application money resulting from the said allotment shall be credited and such an account shall not be utilized for any other purpose unless the allotment is effected and return of allotment is filed with ROC.*
- Step 5** *Circulating the offer letter cum application form to the selected group of persons after filing special resolution with ROC as stated under step no 3, within 30 days of recording their names and maintaining their records in the prescribed form.*



# Steps for allotment of shares by Private Placement

- Step 6** *Receipt of share application money from the shareholders who have subscribed to the shares offered by the Company.*
- Step 7** *On the subscription of the shares offered to all the offerees, convene a Board Meeting to effect allotment of shares to the concerned allottees which should be done within 60 days from the receipt of application money.*
- Step 8** *Filing return of allotment in the prescribed e-form with Registrar of Companies ("ROC") within 15 days of Board Meeting.*
- Step 9** *In case the allottees are foreign shareholders, then the application money is received from them through foreign inward remittance and filing of the same is required to be done with Reserve Bank of India ("RBI") under FIRMS platform in the prescribed form within 30 days from the date of allotment*
- Step 10** *Issue of share certificates (within 60 days from the date of BM for allotment of shares) and Payment of stamp duty on issue of shares (within 30 days from the date of issue of Share Certificate)*



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