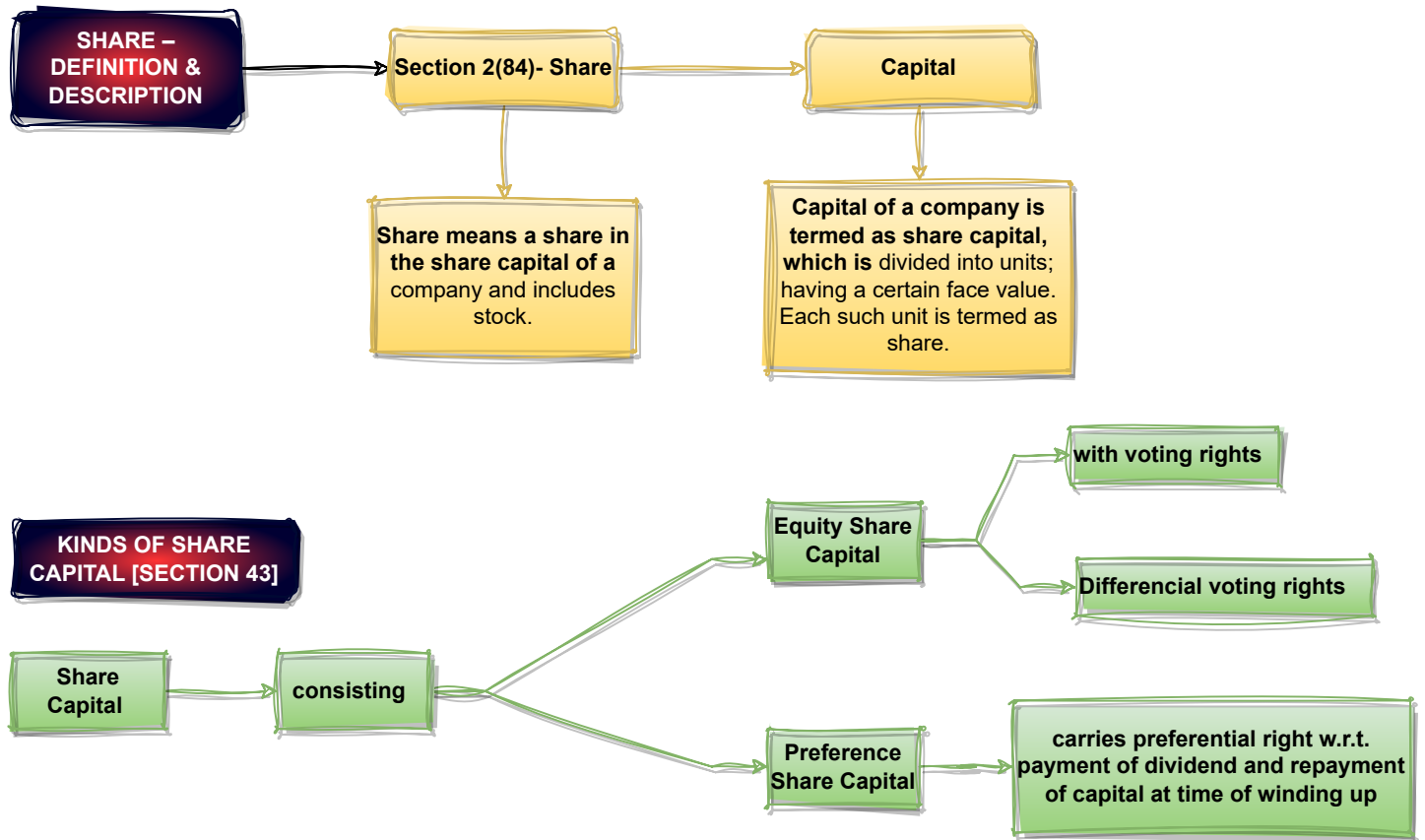
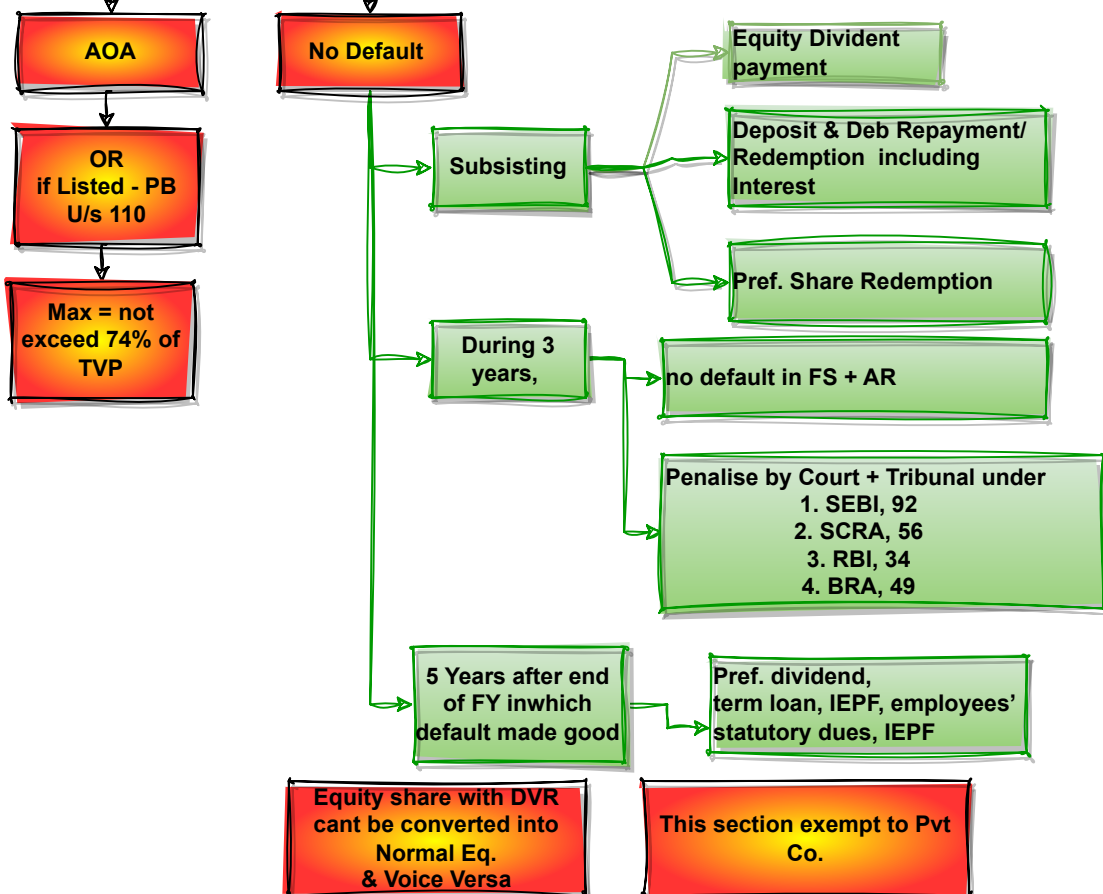


SHARE CAPITAL AND DEBENTURES



ISSUE OF SHARES WITH DIFFERENTIAL VOTING RIGHTS - SECTION 43 + Rule 4 of Companies (Share Capital and Debentures) Rules, 2014

Detailed in Exp Statement



SHARE CAPITAL AND DEBENTURES

Section 44 Nature of Share

Movable Property

Transferable in
Manner Provided in
AOA

Sec. 45 Numbering of Shares

Physical
Format

Every share have
distinctive Number

Section 46 Share Certificate

Share Certificate -
Prima Facie Evidence

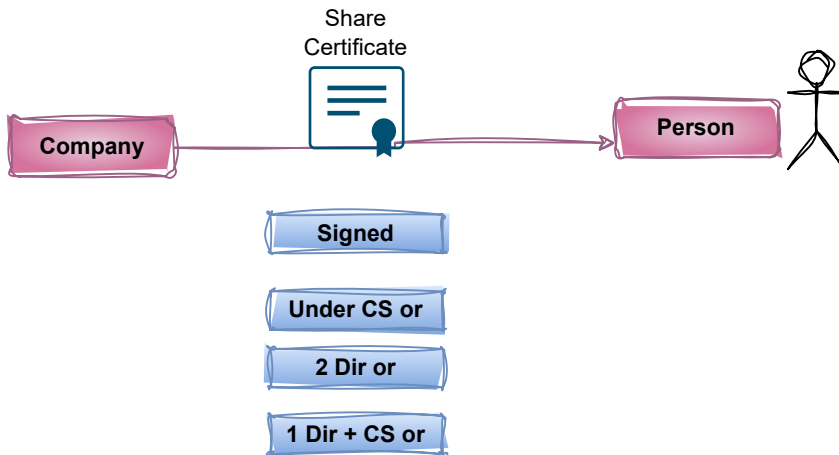
Share in D mat- Record
of depository
Prima Facie Evidence

Issue only when
share held in
Physical form

Issue Auth. by BR

Against Letter of
Allotment

If Letter of Allotment
Lost
- Evidence
- Indemnity
- Out of pocket Exp



Issue of
Duplicate Share
Certificate

Lost / Distroy - Proof +
Indemnity

Torn, Multilated, Defaced,
Split, Consolidation
-
Surrender

Fees upto Rs. 50 Per
Share Certifacate

BR

Cancelled Old share
Certificate with Rubber
stamp

Issue of Duplicate share
Cert. with content
Duplicate Share Certificate.

If fruaudulent
Motive
Punishment

Time for Issuance
1. Unlisted Co. - 45 Days
2. Listed Co. - 3 Month

Entry in Regdl of
Duplicate SH Certi.
SH - 2,
at RO or other placee
preserve Permanently

Section 47 Votig Rights

Voting Rights of
Equity shareholders

Voting Rights of
Preference
Shareholders

Section 47 shall not
apply where
MOA/AOA of the
private company so
provides.

Equity share
on all Resolution
place before Co.

In Poll - acc. PUSC

Nidhi Co. - Max. 5%

DVR - Acc to T&C
Issue

Pref Sh

Resolution affecting
their interest

Reducation or
Repayment of capital

Winding up of
Company

On all resolutio
place before company
if no dividend paid for
2 Years

Poll

Proportionate VR of
both with consider

SHARE CAPITAL AND DEBENTURES

Section 48 Variation of Rights

Variation of Shareholders Right

Company



Issue shares of Different Class

Person



Condition 1

Provision for Variation in MOA, AOA

If No Provision in MOA, AOA

such variation is not prohibited by the terms of issue

Condition 2 :
Approval

Consent of 3/4th Value of shares of that class

SR at meeting of sh of that class

Condition 3 :
Approval

if Variation affect right of other class - Consent of 3/4th Value of shares of that class

Application To Tribunal

Dissenting Shareholders

1/10 or more issued cap. of that class and Not voted in Fav. of Rslt

Appeal

with in 21 days

NCLT

Confirm

Cancel

Decision of Tribunal

Order of NCLT Binding on Shareholder

for Call
BR Pass
Min Value - 25% or more of FV of share
Notice - 14 Days or more
Gap between two call - Min 1 Month
Interest in call in arrears - 10%
Interest on call in advance - 12%

Filing with Registrar

Company



ROC

Order of NCLT
within 30 days

Section 49 Call on Uniform Basis

Call to be made on uniform basis to all class of share of same class

Same FV but diff. PUSC = Not a Same Class

Section 50 CALLS-IN-ADVANCE

Auth by AOA

No Voting Rights

Interest Max 12%

W. Up Repayment

Charge against Interest

sources = Profit/ Capital

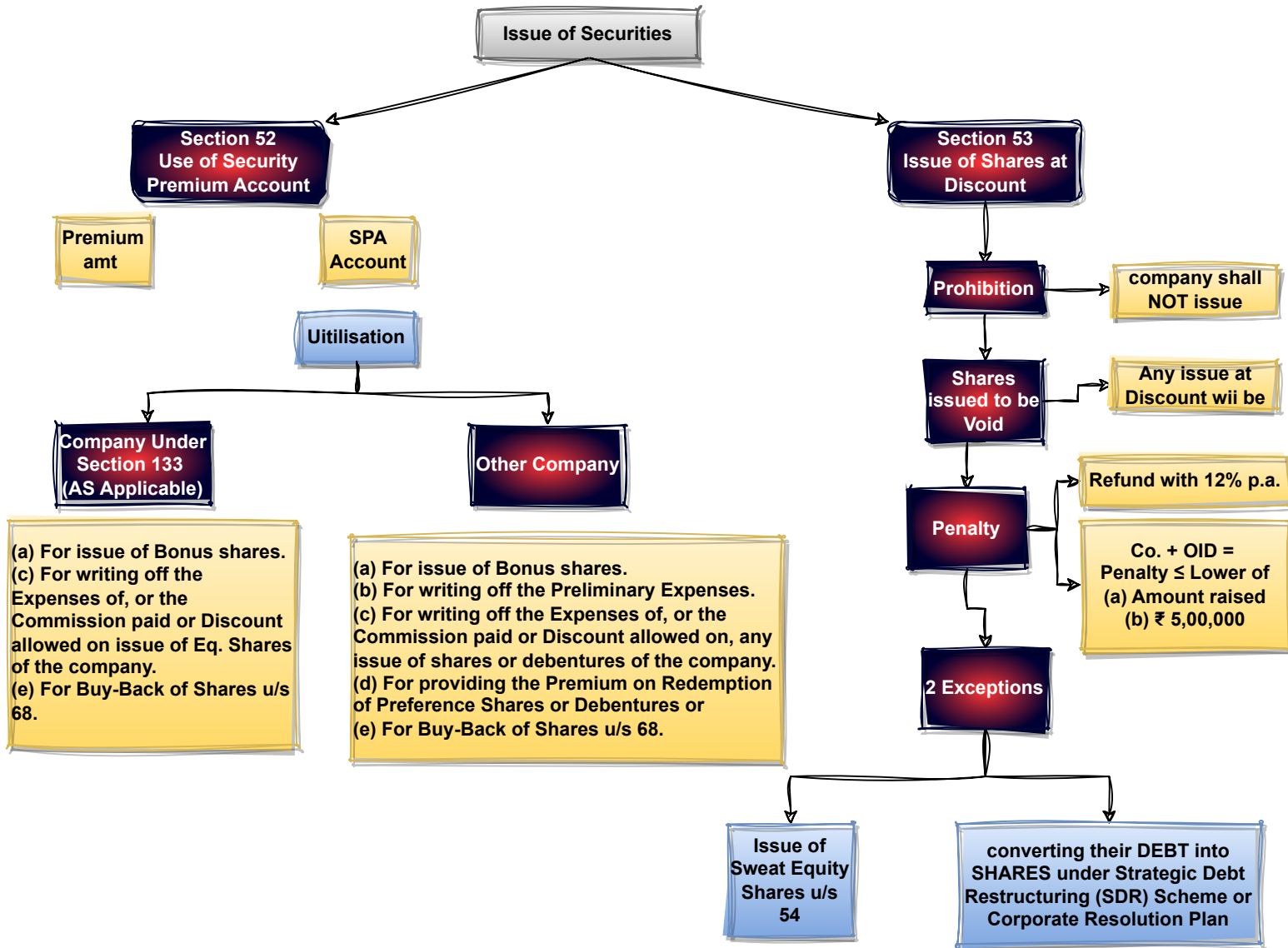
After Creditor but Before Pref. and Eq. shares

Section 51 Payment of Div.

Generally Div. paid in proportion of FV

if AOA Auth, Div may be pay in % of PUSC

SHARE CAPITAL AND DEBENTURES



SHARE CAPITAL AND DEBENTURES

There is no Vesting Period.

Section 54: Sweat Equity Shares

Company

Sweat Equity Shares

Employees

Lock-in-period = 3 Years.

Register - SH-3

exchange for
- Know how
- Intellectual Property
- Value Addition

Consideration

To Whom

For What

How Much

At Discount
consideration other than Cash

Permanent Employee

Director

Co. / H. Co. / Sub. Co.

In India

O/S India

Value Addition

Actual or Anticipated

Know How

Right in Nature of IPR

15% of existing equity;

Consideration not included in Normal Remuneration

In a Year

at any time

higher of the following

25% PUESC

5 crore

For Start up Company initial 10 Years 50% PUESC

Other Requirement

Already issued Class

Valuation Aspect

SR to be pass Valid for 12 Mth

Rules

Locked in Period 3 Year

Paripassu

Issue Price + Know How/ IPR/ Value Addition

Shall be valued by Regd. Valuer

Submit Valuation Report to BOD

Details in Exp. Statement

Listed Co. - SEBI
Unlisted Co. - CG

Register SH-3

Disclosure in Board Report

Company Forward along with notice to Shareholder

Accounting Treatment

Depreciable Assets

Others

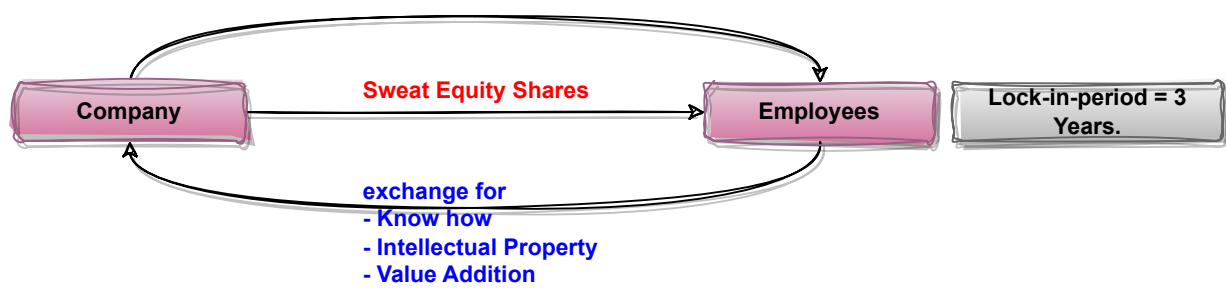
Assets side of Balance Sheet

Expenceses

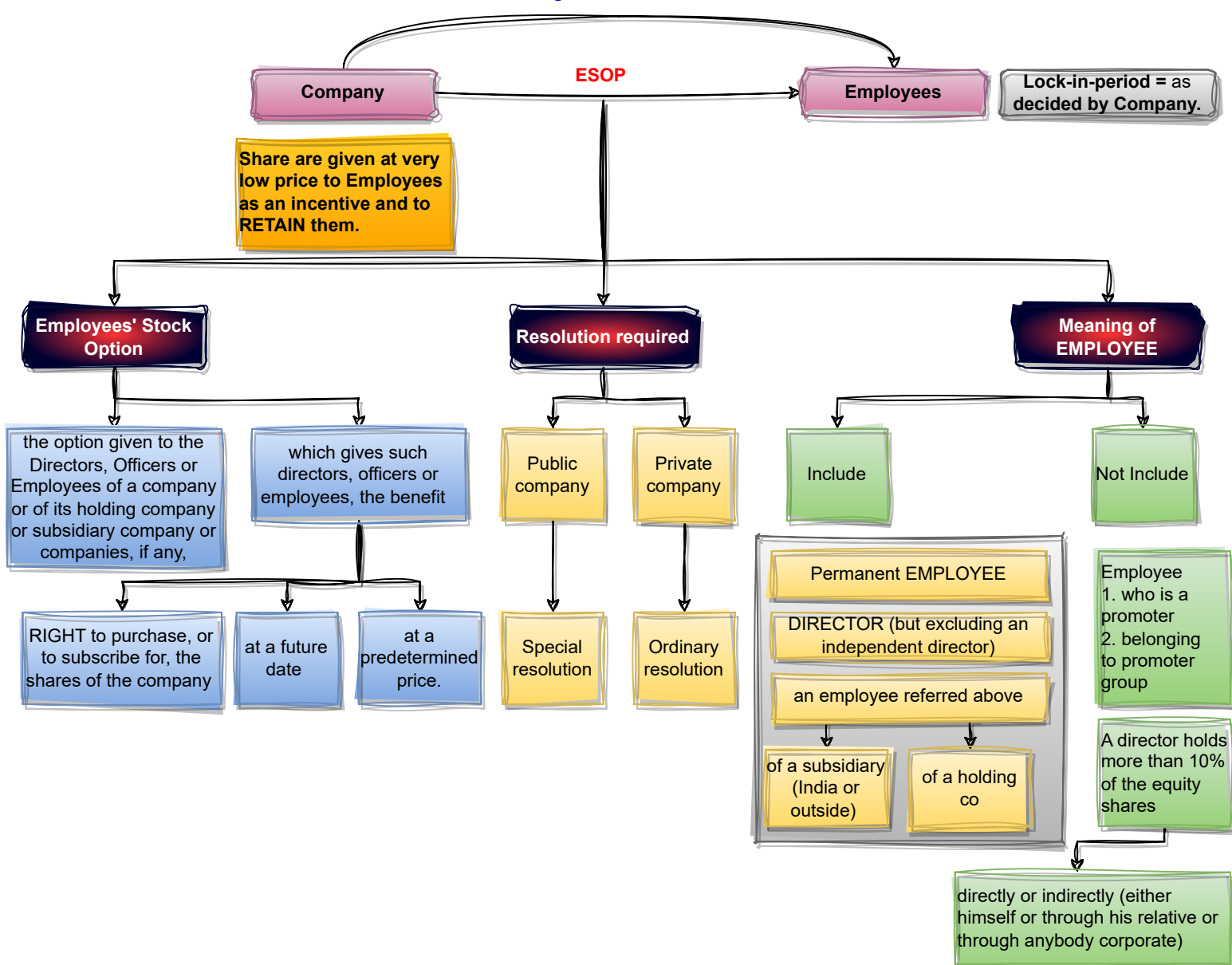
SHARE CAPITAL AND DEBENTURES

There is no Vesting Period.

Section 54: Sweat Equity Shares



Vesting Period ≥ 1 Year.



SHARE CAPITAL AND DEBENTURES

Section 55: Issue and Redemption of Preference Shares

Issue Preference Shares

Prohibition on issue of irredeemable pref. share

Tenure - Max 20 Year

Co. Engaged in Infra - Max 30 Year
- Option to redeem 10% from 21s Year to be given

AOA

SR

No Subsisting default of Redemption + Div payment of Pref. Sh.

Rules Listed Co. - SEBI

Entry in ROM u/s 88

Redemption Preference Shares

Redemption of only Fully Paid up Pref. Sh.

Sources

Fresh Issue

Profit

Sum = NV (FV)

CRR

SPA (other Co.)

Profit

Sources for Premium on Redemption of Pref. Sh.

what if Co. unable to Redeem Pref. Sh.

consent 3/4 in Value of Pref. Sh

Approval of NCLT

Further issue shares to unredeemed Pref. sh

Forthwith Pay to dissenting Pref. Sh. Holders

Transfer VS. Transmissio of Securites

Normal Course of transferring Property

Voluntary Act

Operation of Law

Death, Insolvency, Unsound Mind

Instrument of Transfer required

Instrument of Not Transfer required Except LH directly transfer securities

Consideration required

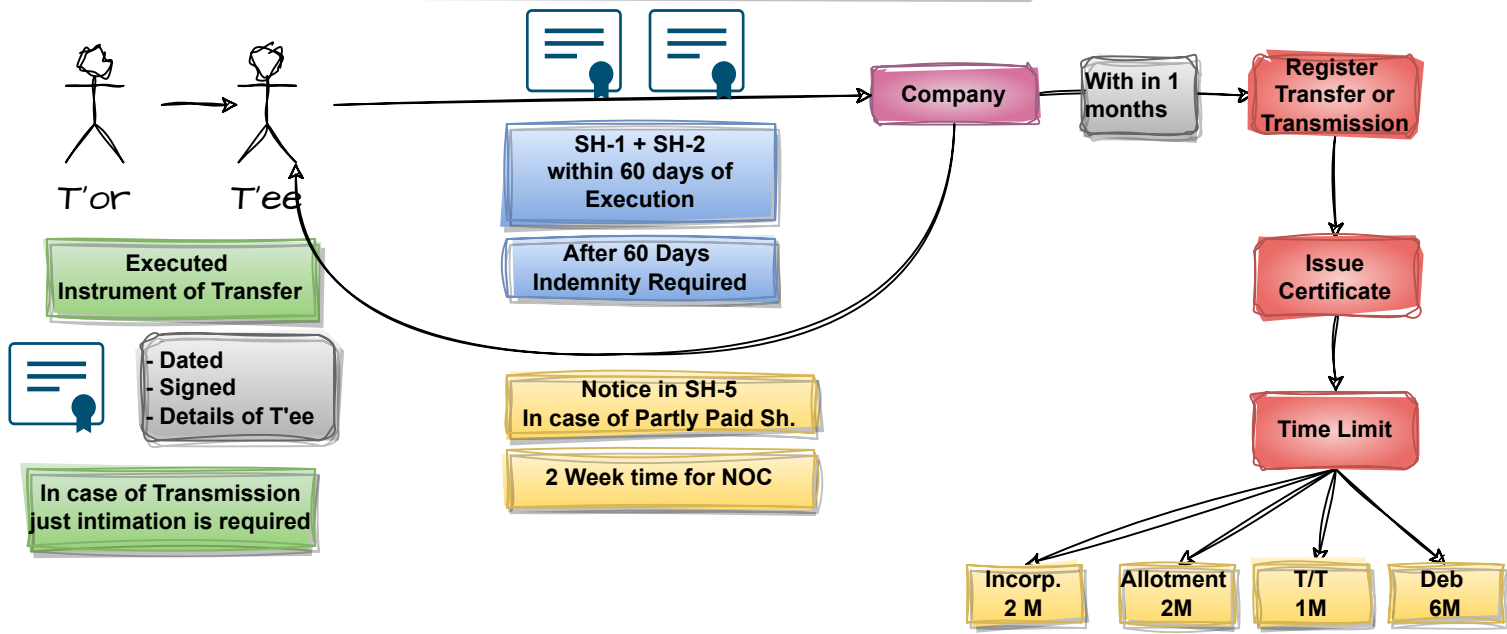
Consideration not required

Payment of stamp duty required

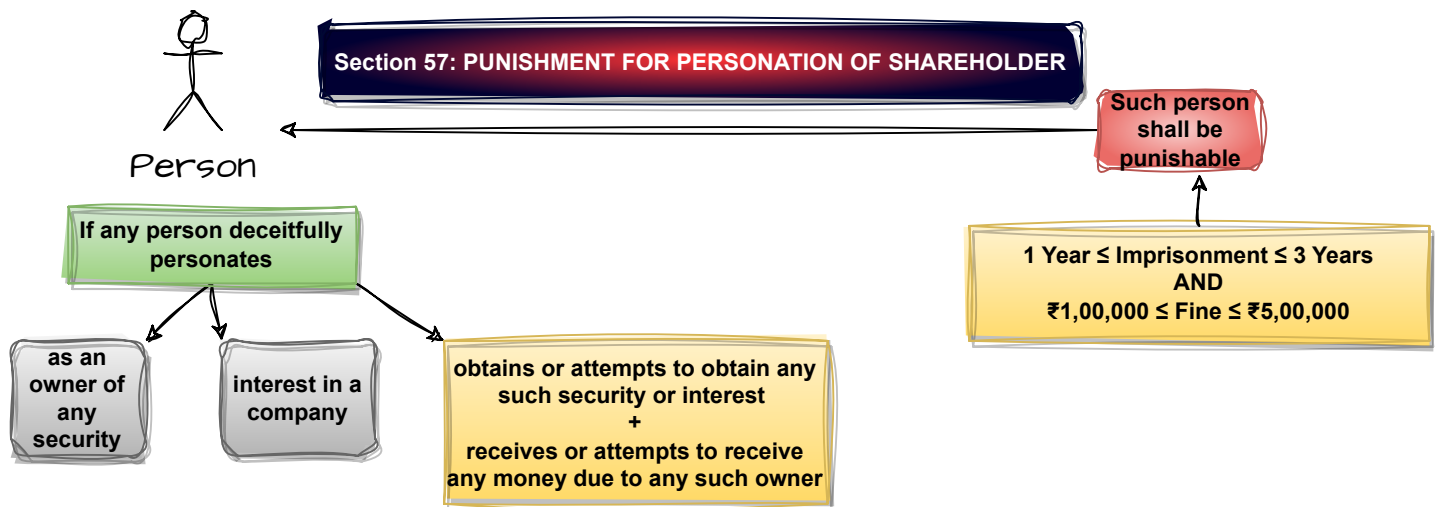
Payment of stamp duty not required

SHARE CAPITAL AND DEBENTURES

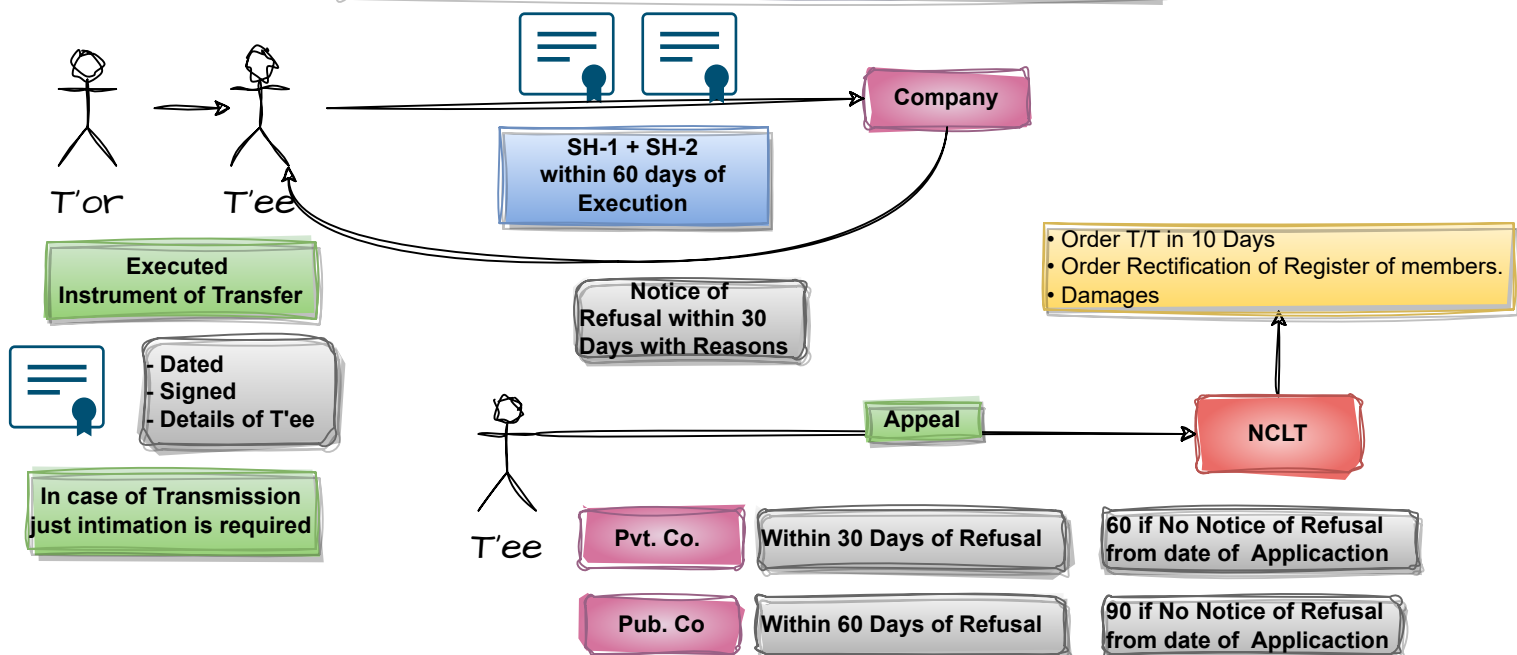
Section 56: Transfer or transmission of securities



Section 57: PUNISHMENT FOR PERSONATION OF SHAREHOLDER



Section 58: REFUSAL OF REGISTRATION & APPEAL AGAINST REFUSAL



SHARE CAPITAL AND DEBENTURES

Section 59: Rectification of Register of Members

Grounds for rectification of Register of Members

Without sufficient Cause

Enter Name

Omitted to Enter Name

Without sufficient Cause unnecessary delay

Enter Name

Omitted to Enter Name

- Aggrieved Party
- Any Member
- Company

NCLT

- Dismiss Appeal
- Order T/T in 10 Days
- Order Rectification of Register of members.
- Pay Damages

Transfer or Transmission in Contravention of Following Law

- Securities Contracts (Regulation) Act, 1956,
- Securities and Exchange Board of India Act, 1992 or
- Companies Act or
- any other law for the time being in force,

- Depository,
- Company,
- Depository participant,
- Holder of the securities or
- SEBI,

SECTION 60: PUBLICATION OF AUTHORIZED, SUBSCRIBED & PAID UP CAPITAL

COMPANY

any notice, advertisement or other official publication, or any business letter, billhead or letter paper of a company

Published Authorised Capital

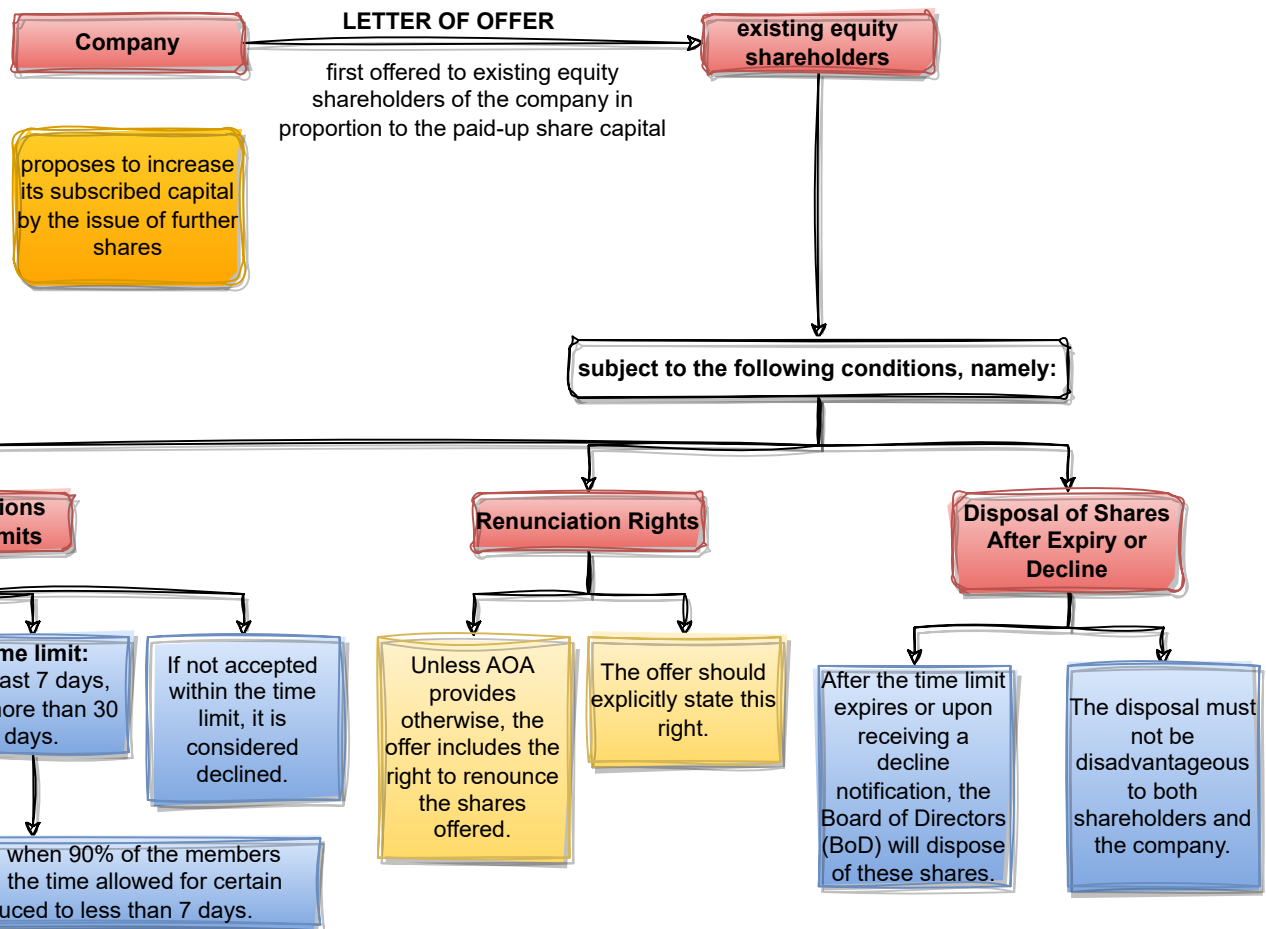
When such document shall also contain

SUBSCRIBED SC & PUSC

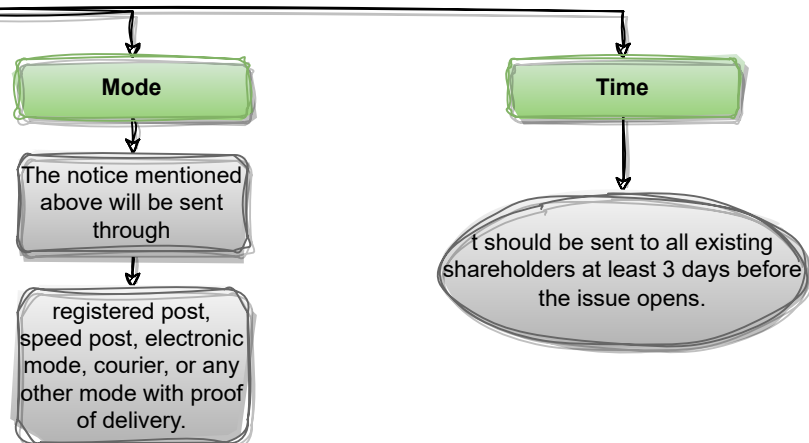
with an equal prominence

SECTION 62 : FURTHER ISSUE OF SHARE CAPITAL

(1) Right Shares



Notice Dispatch Methods



SHARE CAPITAL AND DEBENTURES

SECTION 62 : FURTHER ISSUE OF SHARE CAPITAL

Exception to Right Issue

There is no Vesting Period.

Section 54: Sweat Equity Shares

Company

Sweat Equity Shares

Employees

Lock-in-period = 3 Years.

exchange for
- Know how
- Intellectual Property
- Value Addition

Vesting Period \geq 1 Year.

Company

ESOP

Employees

Lock-in-period = as decided by Company.

Register - SH-6

Share are given at very low price to Employees as an incentive and to RETAIN them.

Employees' Stock Option

Resolution required

Meaning of EMPLOYEE

the option given to the Directors, Officers or Employees of a company or of its holding company or subsidiary company or companies, if any,

which gives such directors, officers or employees, the benefit

Public company

Private company

Include

Not Include

RIGHT to purchase, or to subscribe for, the shares of the company

at a future date

at a predetermined price.

Special resolution

Ordinary resolution

Permanent EMPLOYEE
DIRECTOR (but excluding an independent director)
an employee referred above

of a subsidiary (India or outside)

of a holding co

Employee
1. who is a promoter
2. belonging to promoter group

A director holds more than 10% of the equity shares

directly or indirectly (either himself or through his relative or through anybody corporate)

Rule 12

Seprate SR/OR to be pass

Variation in T&C of ESOP

Vesting Period

Transferability

Before Exercise option + only if in Fav. + after passing SR

Min 1 Y Gap from Grant of option

Not Transferable

No Divident & Vote

Amt Paid

Grant of option to employees of SUBSIDIARY or HOLDING Company

Grant of option to IDENTIFIED employees, during any one year, \geq 1% of the issued capital

Death

Permanent In Capacity

Can't be Pleade

Immediate Vesting

Unless option is Vest

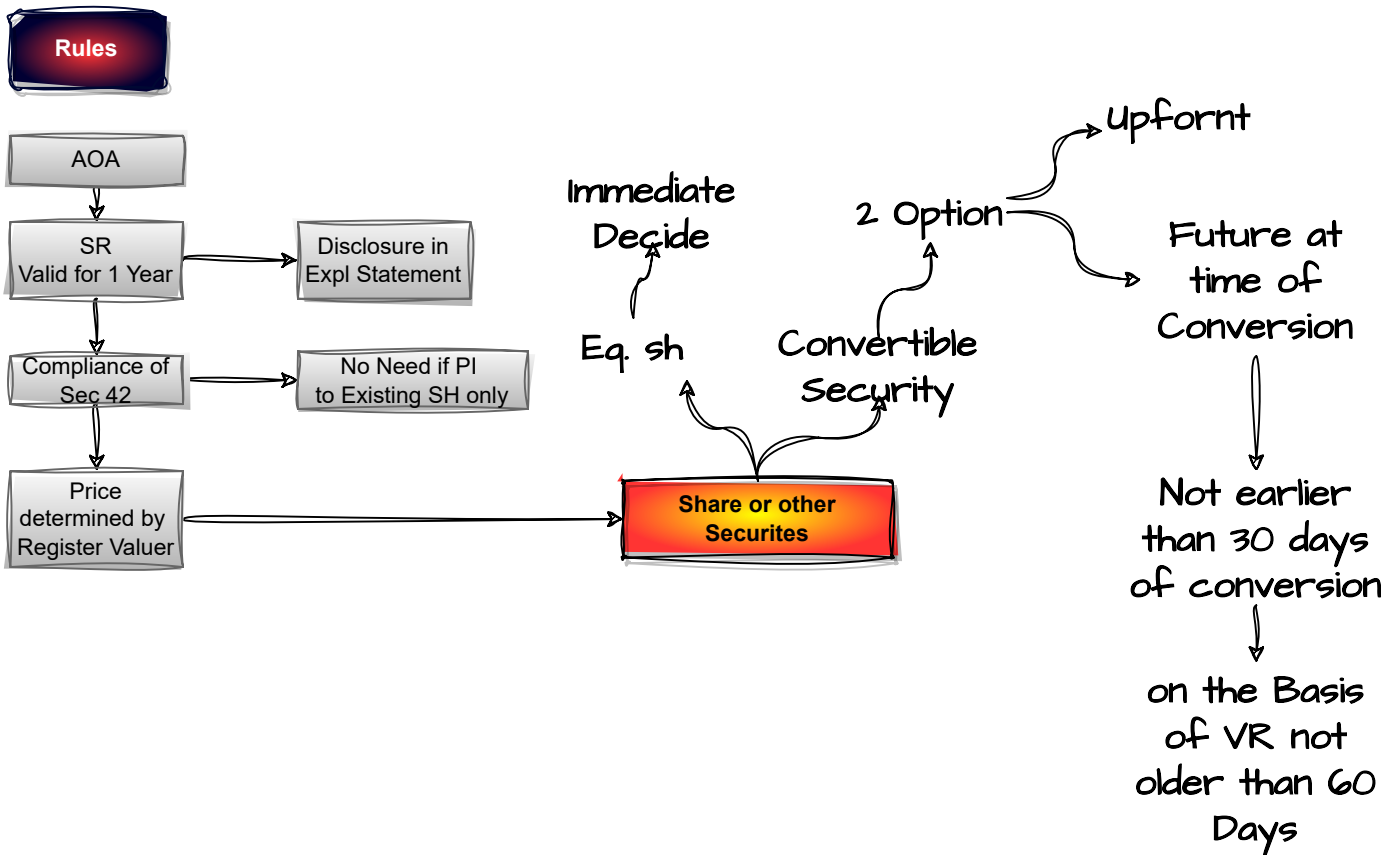
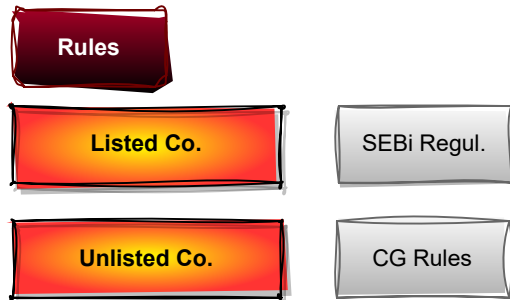
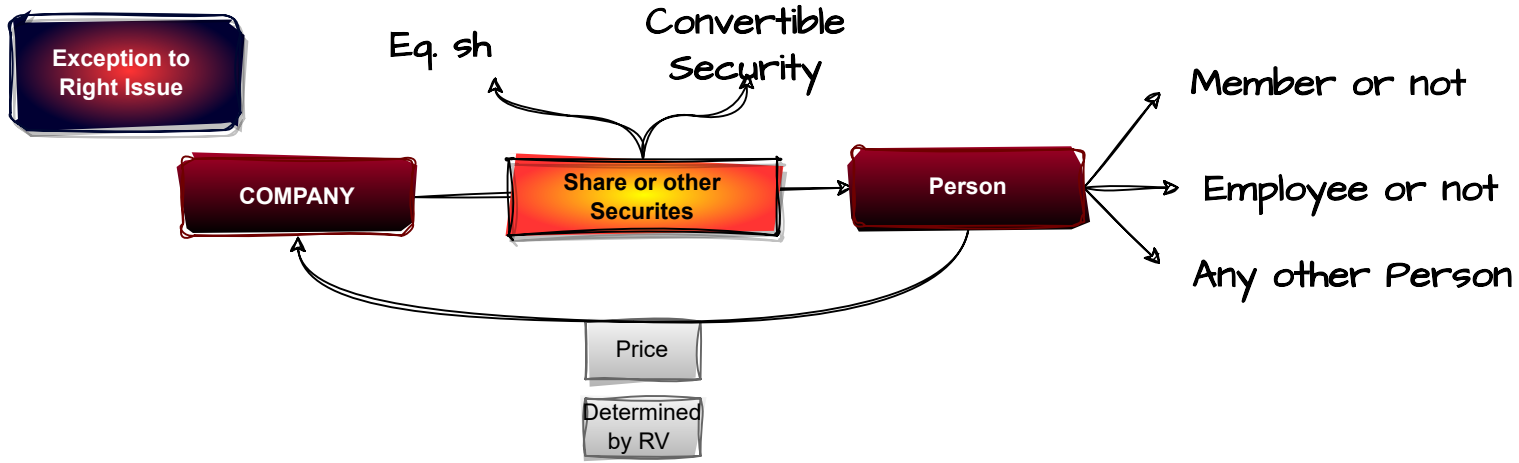
Refund

If option not excercise

Forfite

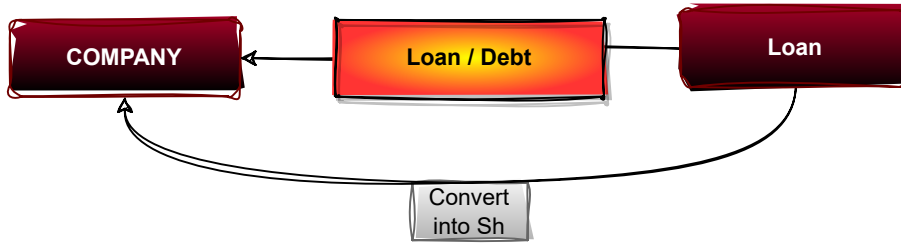
if option not vest

SHARE CAPITAL AND DEBENTURES



SHARE CAPITAL AND DEBENTURES

Exception to
Right Issue

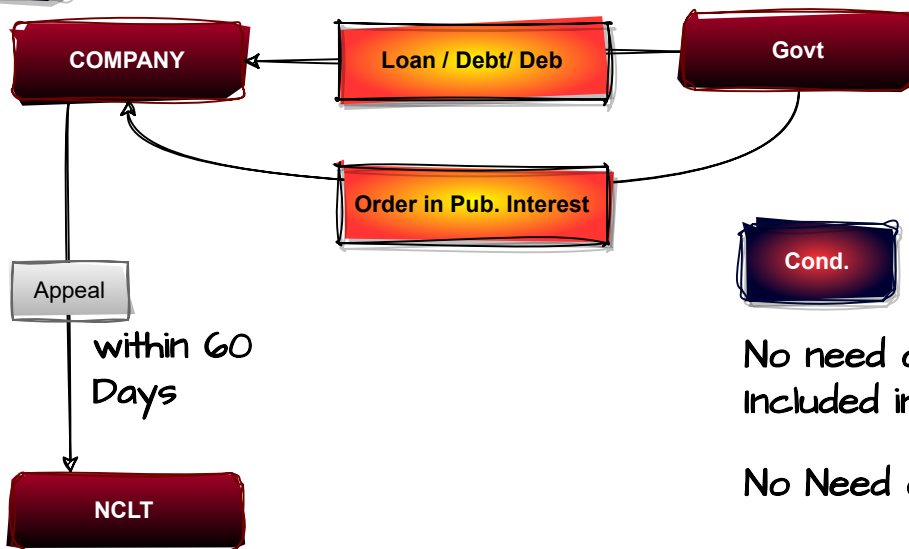


Cond.

Included in T&C

Such T&C is auth. by SR

Exception to
Right Issue



Cond.

No need of conversion
Included in T&C

No Need of SR

COMPANY

Right Issue

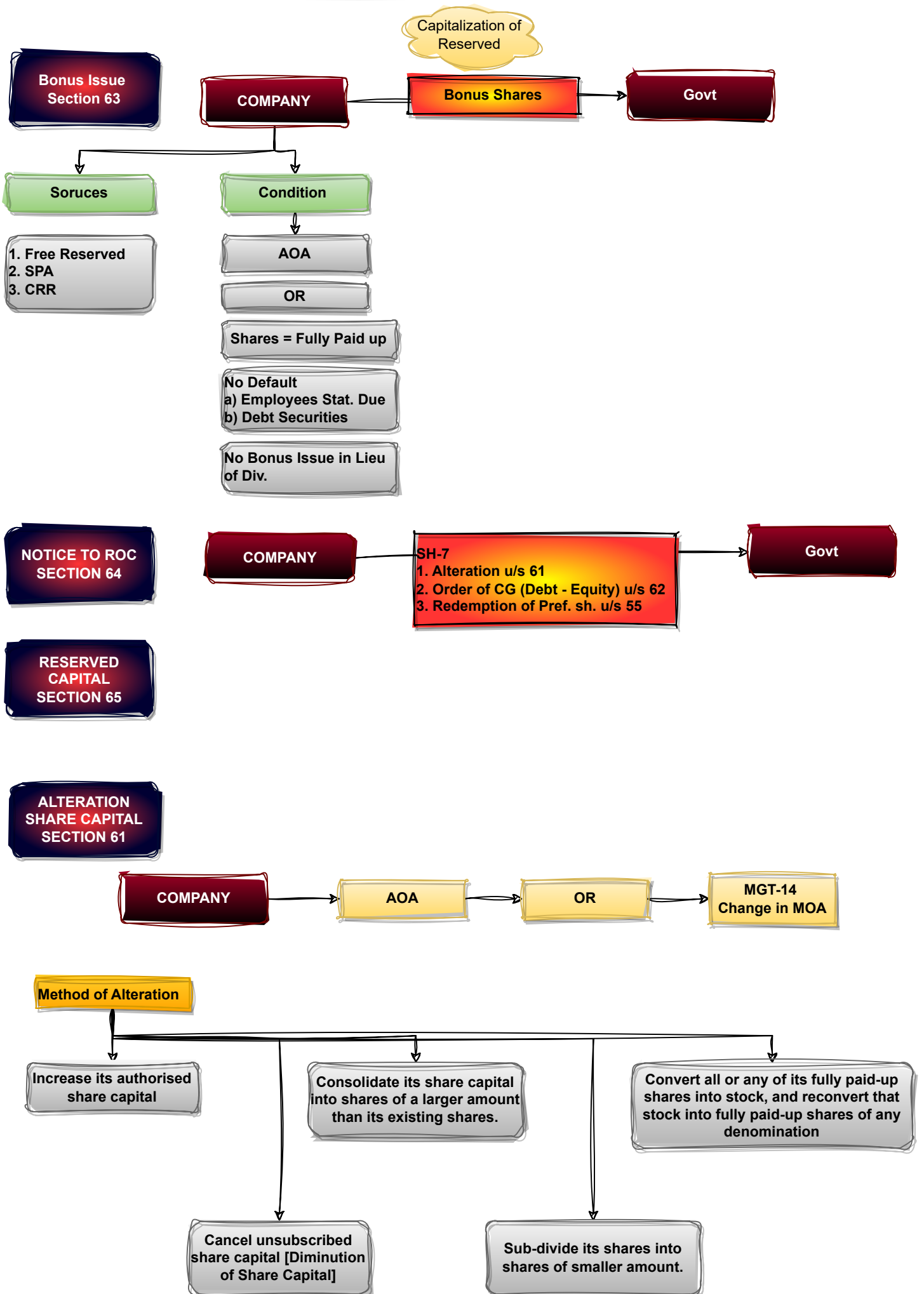
ESOP

Preferential Issue

Convertible Loan

Govt Loan

SHARE CAPITAL AND DEBENTURES



SHARE CAPITAL AND DEBENTURES

Reduction of Share Capital Section 66

SR + NCLT Approval

Method

Reduce / Cancelled Cap. (Sub)

Unpaid SC

PUSC Lost

Pay of excess SC

Example

Example

Example

May / Not Reduce Liability

May / Not Extinguish Liability

SR

App. to NCL

Representation from Authorities

Order of NCLT

Order of NCLT file with ROC

SR

No Deposit Default

Application

Attached
1. Certi. from Auditor Compliance of AS
2. Latest List of Creditor

NCLT

Notice

Authorities
CG + ROC +
SEBI + Creditors

3 Month to Object

Order for Reduction of SC

Provided Claim of creditor is either Discharged / Secured / obtained consent

Following are not Reduction of SC

1. Cancellation under section 61
2. Redemption of Pref. Sh
3. BB
4. Forfeiture of Share
5. Surrender of shares
6. Reductio order by Tribunal

Order of NCLT

Certif. of Reduction

ROC



COMPANY



SHARE CAPITAL AND DEBENTURES

Buy Back
u/s 68

Pre Condition

AOA

SR

BR

Maximum BB

Sources

FR + SPA + SPA

BB Period

Min 15
Days

Max. 30
Days

Post BB Condition

Maintain BB Regd.

File Return of BB

Destroy BB Shares

After BB Debt
Equity Ratio

BB : Only of Fully
Paid up shares

Declaration of
Solvancy

Sec 69
CRR

Sec 70
Prohibition on BB

Last 3 Default
3D (Deposit/Deb/Div)
Term Loan

Sec 92, 123, 127 or 129

Through Subsidiary/ Inv. Co.

Sec 67
Prohibition on BB

Pub / Pvt. Co. Cant
purchase own share

Pub Cant even give
assistance to Pur share
Capital

Pref. allowed (Redeem)

BB Allowed

Reduction u/s 66 Allowed

Banking Co. in ordinary Business

to Trustee to pur sh. (Scheme approve by SR for E'ee)

E'ee (Not Dir/KMP) not exceed 6 mth salary to pur. fully PSC

Time Limit

1Y

6 M

7 D