

Issue of bonus shares

[Provisions](#)

[Procedure](#)

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Related Provisions :

Section 75 – Return as to allotments	Commentary
Section 81- Further issue of capital	Commentary
Section 205 – Dividend to be paid only out of profits	Commentary
Regulations 96 & 97 of Table A of Schedule I	
Chapter XV of SEBI (Disclosure and Investor Protection) Guidelines, 2000	
Listing agreement	

Procedure :

1. Check the Articles of Association of the company, whether it permits issue of shares by way of capitalization of the reserves etc. In the absence of such provision alter the Articles accordingly.
2. Ensure that the expanded capital after the issue of bonus shares is within the authorized share capital of the company. Otherwise, increase the authorized share capital by following the appropriate procedure for the same.
3. Convert partly paid shares into fully paid before issue of bonus shares in case of a listed company.
4. In case of a listed company, give prior intimation to stock exchange about the date of the Board meeting for considering issue of bonus shares. (Clause 19 of listing agreement)
5. Ensure that the bonus issue is not made within a period of 12 months of any public issue or right issue by the company.
6. Convene a board meeting and consider the issue of bonus shares by passing a resolution. Note that the bonus issue must be made within a period of six months from the date of approval of the Board of directors.
3. In case of a listed company, (i) inform the stock exchange by letter or telegram regarding issue of bonus shares as decided by the Board. (Clause 22(a) of listing agreement)

(ii) send 3 copies of the general meeting notice to the stock exchange. (Clause 31(c) Of listing agreement)
4. Send 21 days clear notice of the general meeting in writing to all the eligible members of the company.
5. Convene the general meeting and pass the special resolution for issue of bonus shares.
6. In case of a listed company, send a copy of the proceedings of the general meeting to the stock exchange. (Clause 31(d) of listing agreement)
7. Convene the board meeting and consider fixing the record date in consultation with the regional stock exchange for bonus issue.
8. Inform the concerned stock exchange(s) 42 clear days in advance with regard to the record date fixed for the purposes of bonus issue.
9. Publish in the news paper a notice of record date for determination of the eligibility of members for bonus shares.
10. Complete all formalities regarding allotment of shares, issue of share certificates.
11. File return of allotment in [Form No.2](#) of Companies General Rules and Forms with the Registrar of Companies within 30 days of allotment of bonus shares.

12. Apply to the stock exchange (s) for enlistment of bonus shares together with provisional documents relating thereto. (Clause 24(a)of listing agreement)