

PROCEDURE FOR SUB-DIVISION OF SHARE CAPITAL

1. It must ensure that its articles of association contain a provision authorising it to sub-divide its shares. If there is no such provision then the articles have to be altered in accordance with the provisions of Section 14 of the Companies Act, 2013, before proceeding to sub-divide its shares.
2. Give twenty-one clear days' notice of the proposed sub-division of the shares of the company to the stock exchanges on which the securities of the company are listed.
3. In the case of a listed company, make an application to the stock exchanges where the securities of the company are listed and any other stock exchange where the company proposes for getting its sub-divided shares listed. Convene and hold a Board meeting to –
 - (i) Pass a resolution approving the proposed sub-division of the shares of the company;
 - (ii) Fix time, date and venue for holding general meeting of the company to pass a special resolution, if so required by the articles for this purpose
 - (iii) Approve notice, agenda and explanatory statement to be annexed to the notice of the general meeting
 - (iv) Authorise the company secretary to issue, on behalf of the Board, notice of the general meeting as approved by the Board.
4. Soon after the conclusion of the Board meeting, send to the stock exchanges, where the securities of the company are listed, particulars of such alteration of share capital of the company.
5. Issue notice of the general meeting along with the explanatory statement, to all members, directors and auditors of the company.
6. In the case of a listed company, forward three copies of the notice of the general meeting along with the explanatory statement, to the concerned stock exchanges.
7. Hold the general meeting and have the resolution (ordinary or special, as the case may be) passed.
8. In the case of a listed company, forward a copy of the proceedings of the general meeting to the concerned stock exchanges in case of a listed company.
9. File with the ROC, Form MGT – 14 along with a certified copy of the resolution, the notice and the explanatory statement annexed to the notice of the general meeting at which the resolution was passed and copy of altered Memorandum of Association and Articles of Association, within thirty days of the passing of the resolution along with the prescribed filing fee.
10. Give notice in compliance with the provisions of section 64 of the Companies Act, 2013, of the consolidation of the shares of the company, to the Registrar in Form SH – 7, within thirty days of the passing of the resolution, along with the prescribed filing fee specifying the shares consolidated. The Registrar will record the alteration in the memorandum of the company.
11. Make necessary changes in all the copies of the memorandum of association of the company lying in the office of the company so that no unaltered copy is issued to any person.