

Procedure for issue of shares on preferential basis

(a) Check whether the issue is authorize by Articles. If not make necessary amendments to alter the articles of association, through special resolution passed at the shareholders' meeting.

(b) Convene a Board Meeting to approve the notice of General Meeting and necessary special Resolution/s along with explanatory statements as required.

(c) The company shall make the following disclosures in the explanatory statement to be annexed to the notice of the general meeting pursuant to section 102 of the Act:

- (i) The objects of the issue;
- (ii) The total number of shares or other securities to be issued;
- (iii) The price or price band at/within which the allotment is proposed;
- (iv) Basis on which the price has been arrived at along with report of the registered valuer;
- (v) Relevant date with reference to which the price has been arrived at;
- (vi) The class or classes of persons to whom the allotment is proposed to be made;
- (vii) Intention of promoters, directors or key managerial personnel to subscribe to the offer;
- (viii) The proposed time within which the allotment shall be completed;
- (ix) The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them;
- (x) The change in control, if any, in the company that would occur consequent to the preferential offer;
- (xi) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price;
- (xii) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.
- (xiii) The pre issue and post issue shareholding pattern of the company in the prescribed format

(d) Convene General Meeting and pass necessary Special Resolution/s.

(e) Ensure to file Form MGT-14 with Registrar of Companies within 30 days of passing the Resolution.

(f) The securities allotted by way of preferential offer shall be made fully paid up at the time of their allotment.

(g) The allotment of securities on a preferential basis made pursuant to the special resolution passed pursuant to sub-rule (2)(b) shall be completed within a period of 12 months from the date of passing of the special resolution. If the allotment of securities is not completed within 12 months from the date of passing of the special resolution, another special resolution shall be passed for the company to complete such allotment thereafter.

(h) The price of the shares or other securities to be issued on a preferential basis, either for cash or for consideration other than cash, shall be determined on the basis of valuation report of a registered valuer; and when convertible securities are offered on a preferential basis with an option to apply for and get equity shares allotted, the price of the resultant shares shall be determined beforehand on the basis of a valuation report of a registered valuer and also complied with the provisions of section 62 of the Act;

(i) Where shares or other securities are to be allotted for consideration other than cash, the valuation of such consideration shall be done by a registered valuer who shall submit a valuation report to the company giving justification for the valuation;

(j) Where the preferential offer of shares is made for a non-cash consideration, such non-cash consideration shall be treated in the following manner in the books of account of the company-

(i) Where the non-cash consideration takes the form of a depreciable or amortizable asset, it shall be carried to the balance sheet of the company in accordance with the accounting standards; or

(ii) Where clause (i) is not applicable, it shall be expensed as provided in the accounting standards.

(k) Once the allotment is made, the company shall within 30 days of allotment, file with the Registrar a return of allotment in Form PAS.3, along with the fee as specified in Companies (Registration of Offices and Fees) Rules, 2014.

(l) Deliver the share certificates of allotted shares within a period of 2 months from the date of allotment.

(m) Intimate the details of allotment of shares to the Depository immediately on allotment of such shares

(n) In case of listed companies, the conditions/procedures prescribed under Chapter VII of SEBI (ICDR) Regulations are to be complied with.