



RAM & ASSOCIATES LLP
COMPANY SECRETARIES & TRADEMARK AGENT &
IP ATTORNEYS

RIGHT ISSUE

RIGHT ISSUE

- Issue of Shares to Existing Shareholders;
- By Sending Letter of Offer;
- Proportionate to their paid up capital;

SEC 62(1) : RIGHT ISSUE

Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered:

a. to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:—

Notification date 05.06.2015 says if 90% of the members agree in writing (consent can given by electronic mode) then the offer can be kept open for lesser than 15 days

SEC 62(1)(i): RIGHT ISSUE - CONDITION

the offer shall be made by **notice** specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined; (Notification 05.06.2015 relax time limits)

unless the articles of the company otherwise provide, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to **renounce the shares** offered to him or any of them in favour of any other person; and the notice referred to in clause (i) shall contain a statement of this right

after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may **dispose** of them in such manner which is not dis-advantageous to the shareholders and the company;

SEC 62(2) : DISPATCH – LETTER OF OFFER

The notice referred to in sub-clause (i) of clause (a) of sub-section (1) shall be dispatched through

- registered post or
- speed post or
- through electronic mode or
- courier or
- any other mode having proof of delivery to all the existing shareholders

at least three days before the opening of the issue.

Notification dated 05.06.2015 says

notice can be sent even lesser than three days before the issue opens, if 90% of the members agree in writing (consent can be even by electronic mode).

PROCEDURE FOR ISSUE OF RIGHT SHARE

Issue the notice of Board Meeting at least 7 days before the meeting;



Hold the Board Meeting and pass Board Resolution for approval of Right Issue and draft letter of offer;



Dispatch letter of offer through registered post or speed post or through electronic mode to all the existing shareholders;



Receipt of Share Application Money;



Issue the notice of Board Meeting at least 7 days before the meeting for allotment of shares



Hold the Board Meeting and pass Board Resolution for allotment of shares;



File PAS-3 within 30 days from the date of allotment of shares;



Issue Share Certificates within 2 months from the date of allotment;

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Thank You!