

What is a Share Capital?



- The Share Capital is the funds contributed by the Promoters or the Owners of the Organisation and is divided into several units.
- This Amount is shown on the “Liability Side” of the Balance Sheet of the Organisation, as on a given date.
- This Amount is not returnable, in general, for a Going Concern
- The owner of a Unit has the same rights as that of the other owners of the similar type / category of Shares.

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- A Company has an “Authorised Share Capital”, as might have been authorised by its Memorandum and Articles of Association.
- A Company issues a part or full of its Authorised Share Capital, which is termed as, “Issued Share Capital”.
- The portion of the Issued Share Capital, that is subscribed and paid up by investors is referred to as, “Paid Up Share Capital”.
- It is usually, this “Paid Up Share Capital”, that would be referred to most often.

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What is a Share Capital?



- A Company cannot issue Shares more than its Authorised Share Capital.
- Even if the investors oversubscribe several times above the Issued Share Capital, the Company will restrict Allotment only upto the Issued Limit.
- The Company, along with the Registrars to the Issue will apply a Formula, as per SEBI Guidelines to determine how much to be allotted to each Applicant.

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Thank you

