

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4762
ANSWERED ON:07.08.2009
PREMIUM OVER FACE VALUE
Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a provision for paying premium over the face value of shares;
- (b) if so, the authority which decides the said premium;
- (c) whether the interests of share holders are safeguarded in this matter;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

- (a) : Yes, Sir.
- (b) : The issuer company in consultation with the merchant banker(s) decides the issue price.
- (c)to (e) : SEBI (Disclosures and Investor Protection) Guidelines, 2000 give freedom to a company making an issue of capital to price its securities subject to certain disclosures including disclosing the basis for issue price in the prospectus with the help of relevant qualitative and quantitative factors. These disclosures help investors to make informed decisions.