Chart of Difference between debenture and Preference share

Basis of Difference	Debenture	Preference Share
Meaning	The Debenture is the type of loan or debt instrument which is issued in the market to subscribe to the public.	The shares capital which is carrying a fixed rate of dividends and preference to repayment known as preference shares.
Types	It is a type of **loan.**	It is a type of **Capital.**
Rate of Return	It has a fixed rate of Return which is known as **Interest.**	It has a fixed rate of Return which is known as **Dividend.**
Secured	It **may or may not** be secured against the assets.	It is not secured but have a preference to repayment.
Voting Rights	It **does not have** voting rights.	It **does have** voting rights.
Convertibility	It can be convertible after maturity into an **Equity share as well as preference share.**	It can be convertible into an **equity share.**
Risk	Debenture holders are relatively safe.	Preference Shareholders are at a greater risk but less than equity shareholders.
Priority as to Repayment	In the case of winding up of the company the payment made to debenture holders before the payment of made to preference shareholders.	In the case of winding up of the company the payment made to the preference shareholders before the payment to equity shareholders.