

Subject – Secretarial Practices
Subject code- BBA603 / BCH603
Lecture 15

It has to be noted that allotment of shares cannot be undertaken:

(i) Before the Minimum Subscription is received in case of a widely held public company (Sec. 69) and

(ii) Unless before at least three days a Statement in lieu of Prospectus has been filed (showing the list of allotments) with the Registrar of Companies in case of a closely held public company (Sec. 70).

(c) At the instance of the Board of Directors the Company Secretary shall (i) issue Letters of Allotment to all the applicants to whom shares have been allotted asking them to pay allotment money within a stipulated time or (ii) issue Letters of Regret to those share applicants whose applications have been rejected. Together with regret letters, cheques shall be sent as refund of applications money.

(d) Within 3 months from the date of allotment of shares, share certificates (Sees. 84, 113) containing the names of the shareholders, the number and value of shares held, serial number of the certificate, date of issue, common seal of the company and signatures of at least two Directors and of the Secretary himself, if any, shall be made ready for delivery and the names of the shareholders with all other details shall be entered into the Register of Members (Sec 150).

Every company must maintain a Register of Members, with alphabetical name index, which has about 20 columns showing the name and description of each

member, no. of shares held, date of payment of money, record of transfer of shares, if any, etc.

A separate Register has to be maintained for shareholders in foreign countries.

The Company Secretary shall prepare and maintain the Register of Members.

The name of the shareholder shall not be entered into the Register of Members if a share warrant is issued to him in place of a share certificate.

(e) The Company Secretary, as an officer of the company and responsible in the process, shall be personally liable and punishable if there is any irregular allotment of shares.