

**Subject – Secretarial Practices**  
**Subject code- BBA603 / BCH603**  
**Lecture 18**

**Since calls are related to shares, the Company Secretary has to follow the procedure which shall be as follows:**

- (a) To arrange a Board meeting where the decision for making a Call is to be taken.
- (b) To prepare a Call List showing the amount payable by each share holder against the shares held by himself.
- (c) To prepare and send to each shareholder, according to the Register of Members, a Call Notice or Call Letter requesting him to pay the call money within a specified period of time.
- (d) To send a reminder letter to each shareholder who has failed to make payment.
- (e) To send a second reminder to still defaulting shareholders clearly mentioning that the shares will be forfeited if the call money is not paid within a specified period of time.
- (f) To arrange a Board meeting to take a decision on forfeiture of shares, before the second reminder is sent.

***Forfeiture:***

It is to be noted that the Companies Act does not provide any Sections specifying forfeiture of shares. Regulations 29 to 35 of the Table A, however, provide the procedure. It is implied that a company can forfeit shares subject to two conditions:

- (i) If there is such provision in the Articles of Association of the company and
- (ii) Only when a shareholder has failed to pay call money and not any other dues by him to the company.

The company may re-issue the forfeited shares at any price and there is a capital profit. Re-issue of forfeited shares is not a case of new allotment but more or less a case of transfer.