

Subject – Secretarial Practices
Subject code- BBA603 / BCH603
Lecture 6

Liabilities of the Company Secretary

Liabilities of a Company Secretary can be classified into two Categories - Statutory Liabilities and Contractual Liabilities.

If the Company Secretary fails to perform his Statutory duties he can be punished or he pay the penalty as prescribed under the Act.

1. He will be liable for damages or any loss caused to the company due to his negligence, fraud or changes in terms of contract.
2. If the Secretary acts beyond his power he is liable.

Statutory liabilities

A company secretary is legally bound to following liabilities:

1. Register all files and documents of the company.
2. Arrange statutory meeting and preparing statutory report and submit it to the Registrar of joint stock company in due time.
3. Arrange annual general meeting in due time.
4. Sending notice of the meeting to the participant.
5. Writing minutes of various meetings and maintaining minute books.
6. Supplying relevant copy of minutes to the shareholders.
7. Directors, shareholders and debenture holders registrar maintaining.
8. Submitting/financial statements of the Company to the Registrar of Joint Stock Company.
9. Issuing share certificates, dividend warrant and bonus share certificates to the shareholders.
10. Deducting income tax from the employee salary and pay dividend to the shareholders.
11. Appointing company auditor and arranging audit of books of account of the company.
12. Never enter into any contract or distribute any share and debenture until board of directors authorizes it. Also never take any loan in the name of the company.
13. Submitting income tax returns and ensures use of required company seal and stamp.

Contractual liabilities

Such liabilities arise from his service contract made with the company. ^ which are given below:

1. Abide by all terms and conditions of service contract.
2. Follow the order instructions and act as per authorization of the board of directors.
3. Maintain secrecy of the company affairs.
4. Perform duties with due care and skills.
5. Never act

Role of Company Secretary in Every Stage of Company Formation

The role of company secretary has great importance in every stage of company formation. A secretary plays a vital role in the company.

1. Role of secretary before incorporation.
2. Role of company secretary after incorporation.
3. Routine Role of the company secretary.

Role of company secretary before incorporation

Here the company secretary performs the following functions related to incorporation:

1. Make an arrangement of meeting for the promoters.
2. Submitting necessary forms and documents to the registrar of the joint-stock company for getting a certificate of incorporation, Prepare Memorandum and Articles of Association as per company Act 1994.

B. Role of company secretary after incorporation

Here the company secretary requires performing the below function

1. Arrange a meeting for the board of directors.
2. Prepare and circulate prospectus.
3. Collecting certificate of commencement from the registrar of a joint-stock company,
4. Arrange a statutory meeting, prepare a statutory report, and file a copy of such report with the registrar of the company.

C. Routine Role of company secretary

Such functions are regular in nature towards the following stakeholder

1. Functions to Wards Company: These functions are set as per company Act 1994, and other related laws, which are:

- Comply with the rules of the company Act 1994; stamp Act and Income Tax Act.
- Sign the Annual Report.
- Maintenance of statutory books or different registers of the company.
- Preparation, validation, and filing of resolutions, agreements, documents, notices, and various returns with the company Registrar.
- Attending the meetings and record their proceedings.
- Keep the common seal in safe custody.