

# CHAPTER-: 9

## CALLS, FORFEITURE, BUY BACK OF SHARES

### **CALLS (49 ) -:**

A call is a demand by the company on its shareholders to pay the whole or part of the balance remaining unpaid on each share, at any time during the continuance of the company.

**Authority-**: power to make call is to be exercised only by the Board of Directors. It cannot be delegated.

**Contents of resolution -**: is made to specify

- Amount Of Call per share
- Time allowed for payment

**Maximum Call Amount -**: the call amount shall not exceed  $1/4^{\text{th}}$  of the nominal value of shares.

**Time Interval -:** the minimum interval between two calls shall not be less than 1 month

**Notice to Member -:** for each call at least 14 days notice shall be given.

**Calls in arrear -:** the company is entitled to charge interest on call during the period of default at the rate of maximum 10% p.a.

## **CALLS IN ADVANCE (50) -:**

- ° the company can accept, if authorised by the articles
- ° calls made in advance does not entitle the shareholder to additional voting rights
- ° **interest-:** the shareholder is entitled to interest on calls paid in advance at the rate upto 12%pa. Or other higher rate to the extent authorized in general meeting

° Calls made in advance is not refundable

## Forfeiture Of Shares -:

- it is one of the remedy available to the company for non-payment of amount due on allotment and call money wherein the shares allotted are cancelled( X )
- Forfeiture can be done only if Articles provide

- Due notice is to be served on the defaulting shareholders giving details of -:

= amount unpaid together with any interest accrued

= a clear notice of not less than 14 days must be given

= along with the Notice, an extract of AoA is sent showing the director's power to forfeit the shares

= An improper notice  
invalidates the procedure of  
forfeiture

- Effect Of Forfeiture -:

= on forfeiture the member  
ceases to be a member and his  
name is struck off from the  
register of member.

= On Forfeiture, he member is  
discharged from the liability to  
pay unpaid value of shares

= Forfeited shares becomes the  
property of the company.

- forfeited shares can, at the order of BOD, either Cancelled or re-issued

## **SURRENDER OF SHARES -:**

- is the voluntary return of shares by a share holder for it's cancellation.
- company may provide in AOA for Surrender

- no consideration can be paid by company in exchange of surrendered shares
- the Surrendered shares may be reissued and the procedure and provision is similar to that followed in forfeiture of shares.

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