

- “(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- (ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.”

Article 70 provides that, “The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call made and notified.”

Transfer and Transmission of Shares

Article 74 provides that,

- “(i) The Company shall use a common form of transfer. The instrument of transfer shall be in writing and shall be executed by or on behalf of both the transferor and transferee and all provisions of the Act and of any statutory modification thereof for the time being shall be duly complied within respect of all transfer of shares and the registration thereof.
- (ii) The instrument of transfer of any share or debenture in the Company shall be executed by or on behalf of both the transferor and transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company.
- (iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.”

Director may refuse to register transfer

Article 75 provides that, “Subject to the provisions of the Act, these Articles and any other applicable provisions of any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided further that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Subject to these articles, the Board may, subject to the right of appeal conferred by Section 58 of the Act, decline to register:

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the Company has a lien.”

Article 76 provides that, “The Board may decline to recognise any instrument of transfer unless:

- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56 of the Act;
- (b) the instrument of transfer is accompanied by the certificate of the shares or debentures to which it relates or if no such certificate is in existence, along with the letter of allotment of the shares or debentures, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.”

Article 77 provides that, “No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.”

Article 78 provides that, “On giving not less than seven (7) days’ previous notice in accordance with Section 91 of the Act and rules made thereunder, the registration of transfers of shares or debentures may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty (30) days at any one time or for more than forty-five (45) days in the aggregate in any year.”

Sweat Equity

Article 96 provides that, “Subject to the provisions of Section 54 and other applicable provisions of the Act and in accordance with the guidelines issued by any authority in this behalf, the Company may issue sweat equity shares of a class of shares already issued, to its employee(s) or Director(s).”