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Introduction

The promoters of newly established company estimate the requirements of capital for short term, midterm and long term. To purchase fixed assets like land, building machinery, furniture long term fixed capital is required. After commencement of business working capital is required for day to day administration and production expenses. Company issues share for requirements of long term capital and working Capital.

7.1 Meaning and Definition of Share

Meaning : In general terms proportion of owner capital is large which is divided into smaller parts. This smaller part is known as 'Share'.

Share means shareholder's implacable interest in Company. Share means implacable interest in monetary terms or responsibilities.

The company offers proposal to public to collect capital by publishing prospectus, as per the provisions of Companies Act. The person who holds share is known as a shareholder of a company.

Definition : As per the Company act 2013 'Share' means one part of capital which also includes stock. Company divides its capital in small parts. That part is known as share.

7.2 Characteristics of Share

(1) **Part of a Share Capital** : Share is a part of a Share capital of the company. It is divided into equal small parts.

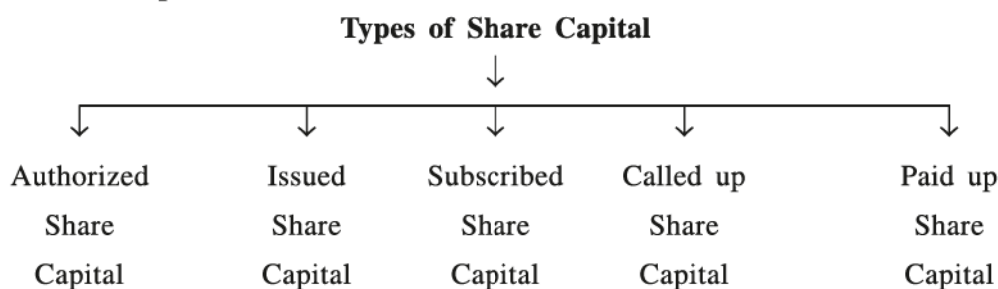
(2) **Interest in Company** : Share represents shareholders' financial interest in the company.

(3) **Movable Assets** : Share is a movable asset which can be sold or purchased. It can be given as gift or donation.

(4) **Free Transfer** : Share can be transferred freely. It is an important characteristic.

(5) **Right and Responsibility** : The equity share holders have a right to get notice of meeting, to remain present in the meeting and have power to exercise voting rights. The shareholder has also responsibility to pay face value.

7.3 Types of Share Capital



7.3.1 Authorized Share Capital : The amount of share capital is mentioned in the Capital clause of company's Memorandum of Association is an authorized capital. This capital is also known as Registered Capital or Total Capital.

The company cannot issue shares more than the authorized capital. If in future it is required to collect more capital, there should be provision in Articles of Association. More over, consent is essential in the share holders' meeting and resolution is to passed.

7.3.2 Issued Share Capital : The company can issue share and collect share capital as and when it requires money. So the amount collected by issuing shares is termed as the **Issued capital**.

7.3.3 Subscribed Share Capital : The application received by a company for the issued share and the capital received for the same is termed as the **Subscribed capital**. If the amount is received more than the amount of issued share capital, still the applications accepted will be in accordance to the amount of issued share capital, rest of the amount is returned to applicants. So such accepted share capital can only be termed as the Subscribed share capital.

7.3.4 Called up Share Capital : In accordance with the face value as and when required, the company goes on calling for money in instalments. So in this way the amount of money called is **called up capital**. Now a days usually company calls for a full amount of face value of share.

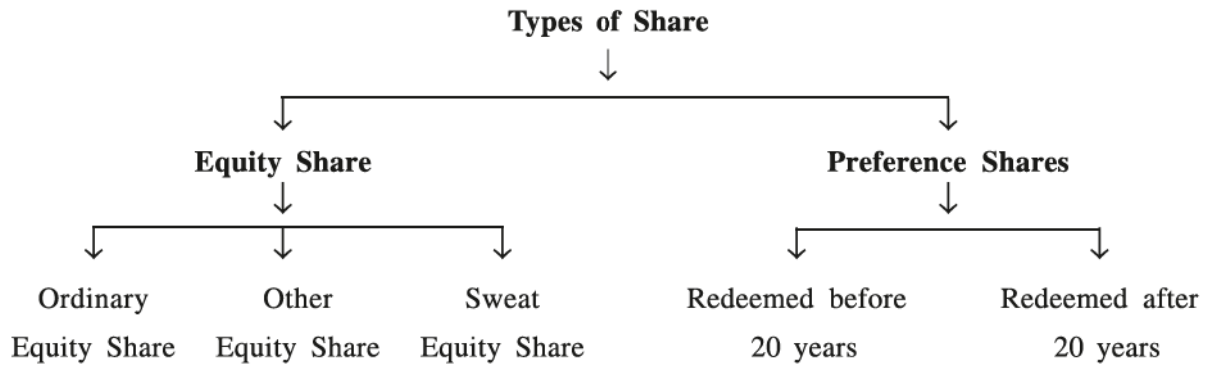
7.3.5 Paid up Share Capital : The amount received in 'called up capital' from shareholder is known as "paid up Share capital"

In the above sequence the capital mentioned in the lower order can not exieed the capital in higher order..

Special Information

Reserved Capital : When the management of a company feels that called up capital is sufficient for business and in future there will be no requirement of such capital, special resolution is resolved in the shareholders meeting to keep reserved capital. It is known and **Reserved Capital**. In case of winding up of a company, Company can called such reserved capital from the shareholders.

7.4 Types of Share



7.4.1 Ordinary Equity Share :

7.4.1.1 Ordinary Equity Share :

Meaning : In a general term the ordinary equity share means which have right to receive dividend after preference share and getting refund of share capital after preference share in case of dissolution of company.

Characteristic of Equity Share :

- (1) **True owners :** Such type of shareholders are known as true owners or faithful companion because they bear more risk than preference share holders.
- (2) **Voting rights :** The equity share holders have a right to vote in the meeting of the company.
- (3) **Dividend :** Equity shareholders' dividend and rate of dividend is uncertain.
- (4) **Link with Profit :** The dividend on equity share is directly related with the profit of the company. The dividend varies with the increase or decrease of profit.
- (5) **General Meeting :** The equity shareholders have a right to remain present in the general meeting. They have the power to exercise voting rights and right to select directors.
- (6) **Refund of Capital :** Equity shares are nonrefundable until the existence of the company.
- (7) **Dissolution :** At the time of dissolution, the equity shareholders are refunded after paying the preference share capital.
- (8) **Benefits and Returns :** On this type of share various benefits and returns are like rights shares, bonus shares and benefits of rise in the price of the share in the market.
- (9) **Registration of Share :** Such equity share is registered in a recognized share market. So these shares can be purchased and sold at the market price easily.

7.4.1.2 Other Equity Shares : They are two types, (1) Equity share with voting rights. (2) Equity share with differential rights as to dividend and voting

7.4.1.3 Sweat Equity Share :

Meaning : The company issue share to their directors, professional experts, employees with discount or without consideration of cash are known as sweat equity share. Usually these shares are offered at price lower than that prevailing in market price.

Advantages :

- (1) It can be given as rewards to the directors of the company.
- (2) The employee having such type of shares, get extra income as dividend on share along with salary. Moreover, employees get shareholders' rights so they have a feeling of ownership of a company.

Provisions as per Company Act for Sweat Equity Share :

- (1) In a general meeting special resolution is to be resolved.
- (2) In this resolutions particulars regarding share, present value of share, to whom it is to be issued - directors, employee is stated.
- (3) While issuing such share legal provisions should be followed and it is to be registered with stock exchange observing rules and regulations.
- (4) The public limited company can issue such share within one year of passing special resolution.
- (5) Usually such shares are not transferable for three years.
- (6) The company can't issue more than 15% of its paid up capital or worth five crore in a year. Moreover, the company can't issue more than 25% of total capital.

7.4.2 Preference Share :

Meaning : The types of shares which qualifies a priority in getting dividend out of the profits of the company and also priority to be refunded the capital at the time of dissolution of the company are acknowledged as the Preference share.

Characteristics of Preference Share :

- (1) **Dividend** : Preference shareholders have priority in getting dividend at fixed rate over equity shareholders.
- (2) **Refund of Share Capital** : Preference shareholders have priority in getting refund of share capital after paying all liabilities of the company over equity shareholders.
- (3) **Voting Rights** : The preference shareholders have a right to vote for those matters which are concerned with their subject.
- (4) **Preference** : The investor who wants stable fix income and safety of capital purchase such type of shares.
- (5) **Market price** : Usually market price of such share is fixed. The market price of such share changes as per the change in interest rate structure.
- (6) **Risk Factor** : In such share priority in dividend and refund of share capital over equity shareholder makes it less risk factor.

Types of Preference Share : Formerly as per the Company Act 1956 company used to issue cumulative preference share, Noncumulative preference share, Redeemable Preference share, Irredeemable Preference share , Participating preference share, Nonparticipating Preference share, Convertible Preference share, Nonconvertible Preference share etc.

As per the new Company Act 2013 there are two types of preference share.

- (1) Redeemable preference share before 20 years.
- (2) Redeemable preference share after 20 years.

7.5 Distinguish between Equity Share and Preference Share

	Point	Equity share	Preference share
(1)	Requirements	To raise the share capital it is mandatory for to issue such shares.	It is not essential to issue such share.
(2)	Rate of Dividend	The dividend rate is not fixed	The dividend rate is fixed.
(3)	Rights	The equity shareholders have a right to attend the meeting, voting rights and to select the directors of the company.	Preference shareholders have the right to vote only for the matters related to their rights.
(4)	Risk	Equity shares are more risky.	Preference shares are less risky.
(5)	Investors	The investors, who are ready to take risk and want to gain maximum return, invest in such kind of share.	The shareholder who wants stable income and safety of capital opt for preference share.
(6)	Market price	The market price of equity shares keep changing.	The rate of such share remains fixed.
(7)	Increase in capital	The value of equity shares increases due right share and bonus share.	There is no increase in capital.

7.6 Share Certificate

7.6.1 Meaning : Share certificate is a document, which is issued under the common seal of the company. Every share holder has concern in share capital of the company and for that he has a right to get share certificate. The share certificate is a primary evidence of ownership for shareholder. A company with this primary evidence accepts that the name of the individual mentioned in the share certificate is the genuine owner of the given number of shares of the mentioned value.

7.6.2 Details included in the Share Certificate : According to new company Act details in share certificate shall be according to Form No. SH 1. They are as below :

- (1) The name of the company and its authorized share capital.
- (2) Serial number of the shares.
- (3) Serial number of the share certificates.
- (4) The name and address of the shareholder.
- (5) Types of shares held and its number.
- (6) Nominal value of share and paid up amount there on.
- (7) The date and day of share allotted.
- (8) Signature of authorize director and the company secretary
- (9) Company's common seal impression.

7.6.3 The Clauses Regarding the Share Certificate as Mentioned in the Companies Act :

- (1) **Common Seal** : The share certificates should have the company's common seal.
- (2) **Signature** : The share certificates should have the signature of two directors and the secretary or the authorized signatory responsible for the same.
- (3) **Joint shareholder** : If more than one person holds the shares jointly all the shareholders do not get individual share certificate for the same shares. But on that consolidated share certificate along with the name of the first shareholder, the names of other shareholders is also mentioned.

7.7 Dematerialization of Shares

7.7.1 Requirement of Dematerialization of Share : The share certificate is a primary evidence of share ownership. If the original share certificate is lost, stolen, destroyed or torn to get the duplicate share certificate is a very long and costly procedure for a shareholder. Sometimes the signature does not match or there is a possibility of transfer by forged signature, or it is not received in time by post than there is a difficulty to purchase or sell such share. To avoid these difficulties Dematerialization of shares is started.

7.7.2 Dematerialization – demat :

Meaning : Dematerialization of share is a procedure where shareholder transfers physical form of share certificate into electronics format. For that investor has to open demat account with depository participant.

SEBI established in 1992 has its main office is at Mumbai. As per the provision of SEBI, the person who wants to purchase or sell share has to compulsory open demate account from depository participant account.

7.7.3 How and where Demat Account Can be Opened ?

- (1) **Where is it to be opened ?** Dematerialization of shares is a process where investor transfers his physical format of share into electronic format and keeps with depository participant account. There are two types of institution – NSDL and CDSL in India. These institutions take responsibility to protect shares, bonds and other securities of investors. So theses institutes are also known as Security protector agent. The Government Banks, private Banks and other financial institutions open demat account on behalf of these institutions.
- (2) **The Procedure of Opening Demat Account** : The investor has to contact bank or financial institution to open demat account. He has to provide information in the prescribed application form given by the institution. Investor has to submit following documents along with the application form to open account :
 - (1) PAN Card
 - (2) Residential proof
 - (3) Identity proof
 - (4) Income tax Return
 - (5) Passport size photo
 - (6) Investor has to give client agreement on non-judicial stamp paper along with application form.

7.7.4 Expenditure of Demat Account : Expenditure can be divided into four parts.

- (1) **Account opening expense :** Some banks charge fees and some do not for opening accounts.
- (2) **Annual Maintenance Fees :** An annual fee is charged To maintain account.
- (3) **Custodian Fees :** Fees is levied from investors according to balance of share per month in demat account.
- (4) **Transaction Fees:** : Transfer fee is charged according to number of share transaction.

7.7.5 Advantages of Demat Account :

- (1) Share transaction (sell/purchase) process becomes easy, correct and speedy.
- (2) On demat share transaction charges are, levied so trading expense is low on shares.
- (3) Demat account share can be hypothecated to bank as security to obtain loan.
- (4) Shares are transferred immediately in demat account after purchasing of share. The financial liquidity remains with investor.
- (5) The ownership is transferred immediately after purchasing the share. There is no confusion or tension for it.
- (6) The Bonus share is immediately deposited in demat account after issuance of such share by the company.
- (7) The Bank provides on line facility to demat account holder. So investor may check and know latest position of their share, stock and other particulars of account.
- (8) It can be also used for mutual funds.
- (9) It prevents transfer by forged signature, stealing of share, lost of share, shares destroyed by fire, torn share.
- (10) Share transfer is on line so it is helpful to NRI. They can invest their savings in share/stock of Indian companies easily.

7.7.6 Limitation of Demat Account :

- (1) The investor faces loss due to speculation activities in certain scripts in share market.
- (2) If the volume of investment of investor is less in share market it is a costly affair for him because he has to pay fees for opening account, annual maintenance fees, custodian fees, share transfer fees.

7.8 Various Ways to Issue Share

The company can issue share with reference to its face value in any one of the following ways at a time :

7.8.1 To Issue Shares at Par or Face Value : The companies issue their shares at face value or at par. For e.g. shares with face value of Rs 10.

7.8.2 Shares Issued at Premium : When the company issues shares at the amount more than the face value or par value then it is said at premium, e.g. shares of face value of Rs 10 when issued for Rs 15 then Rs 5 is termed as the premium charged. Normally the company with good prestige and well developed companies issue share at a premium.

Share premium is a capital gain for the company. The amount of security premium can be utilized by the company as under :

- (1) To issue bonus share on fully paid up shares.

- (2) To write off preliminary expenses of the company.
- (3) To write off the amount of redeemed premium if debentures are to be redeemed with premium.
- (4) Expenses made during the issue of shares or debenture by the company, to write off discount or under writing commission or brokerage expenses.
- (5) The amount of share premium cannot be utilized to declare dividend.

7.8.3 To Issue Share at Discount : When the shares are issued by the company at the price less than its face value or par, it is said to have share issued at discount. Now, no company can issue shares at discount.

7.9 Bonus Share

7.9.1 Meaning : The company issue additional shares to existing shareholder in proportion to shares held with them, without any monetary consideration, out of its accumulated profit is termed as Bonus share.

The bonus share can be issued only if is mentioned in the Articles of Association of the Company. Usually every company makes provisions in its Articles of Association for bonus share.

7.9.2 Conditions : The Company declares Bonus shares under following conditions :

- (1) **Uncalled Amount :** For partly paid up shares bonus shares can be paid out of profit for recovering the uncalled dues.
- (2) **Reserve Funds :** The Company has large proportion of reserve capital or the excess accumulated out of the profit and loss Accounts of the company and it wants to give benefit to its shareholders.

7.9.3 From What can be Bonus Shares to be given ?

- (1) From any reserve created out of profit.
- (2) From the credit balance of the Profit and Loss Appropriation Account.
- (3) From the share premium account only fully paid up share can be distributed as Bonus shares.
- (4) After the redemption of debentures, the remaining amount of debenture redemption is transferred to General reserve.
- (5) Out of the capital gains of the company.

7.9.4 Procedure to Issue Bonus Shares :

- (1) **Articles of Association :** The Company must be authorized by its Articles of Association to issue Bonus shares.
- (2) **Resolution :** A resolution to that declaration should have been passed in general meeting.
- (3) **Closing of List of Members :** The directors must close the list of members before calling the shareholders' meeting.
- (4) **Members list :** After the closing of members list secretary prepares the list of members.
- (5) **Agreement Regarding the Declaration of Ownership :** These shares are given instead of cash amount, to shareholders for whom an agreement regarding the declaring of ownership is made.
- (6) **Sanction Letter :** After the contract is made sanctioned letter is prepared and sent to shareholders.
- (7) **Registration with Registrar of Companies :** A statement regarding the issue of bonus shares to shareholders has to be submitted to the registrar within one month of the declaration.
- (8) **SEBI :** To issue Bonus share and to decide the amount of bonus shares, the procedure should be followed in accordance with the guideline of SEBI.

7.10 Right Share

7.10.1 Meaning : In accordance with the Company Act, the company which is in existence and is issuing new equity shares in the market; has to offer first to its existing equity shareholders is known as Right share.

7.10.2 Provision :

- (1) **Time limit :** From the date of incorporation of the company till two years or one year from the share distribution date whichever date comes first the company cannot increase its paid up share capital before that.
- (2) **Notice to Shareholder :** Every shareholder who is subject to the right of getting such share has to be given a notice of minimum 15 days and not more than 30 days period with acknowledgement regarding their right of the Right share.
- (3) **Rejection of Right :** The shareholder who is authorized to get Right share may even reject the offer made to him by the company regarding the acceptance of Right share, by transferring it to some other person's name.
- (4) **Discards of Right Shares :** Any shareholder who is entitled to Right share, if gives a written application to the company for rejection of offer or does not declare his interest regarding such right shares within given time limit, the directors of the company can discard those share in the interest of company.
- (5) **Share Application Money :** The shareholder who is authorized to get right shares has to pay the necessary amount along with share application form.

7.10.3 Duties of Secretary Regarding the Right Share : The duty of the secretary regarding the Right share is divided into two parts;

(a) Offer Made to the Existing Share Holders :

- (1) First of all the secretary has to decide about legality of arrangement of Right share within specified time limit.
- (2) The resolution for this must be passed in the meeting of the Board of Directors.
- (3) The shareholders have to be given a due notice regarding the application to be made for the Right share and payment required money to be made and minimum 15 days should be given.
- (4) The date of closing the list of members and the list of transfer of share must be decided, so that number of members entitled for getting Right share can be decided.

- (b) **Offer Made to General Public :** If those Right shares are not taken by members or they have not applied for those shares they are distributed or offered to the general public for subscription by issuing prospectus. All the formalities for this are very similar to the procedure for the issue of shares. Formalities done like calling for a meeting, to pass a resolution, to send letter of allotment, to send share certificate, to note down in the list of members, to prepare share allotment register etc need to be done.

What you have learned in this chapter ?

Meaning and Definition of Share : Proportion of ownership capital is large. It is divided in equal smaller parts. It is known as share.

Definition : Share means small equal parts of capital of a company.

Characteristics of Share :

Part of Share Capital : Share is a part of share capital.

Interest in Company : Share represents financial interest of a shareholder in company.

Movable Asset : It is a movable asset, can be sold, purchase, can be gifted or donated.

Free Transfer : Share can be freely transferred.

Right and Responsibility : Shareholder has rights to attend meetings, voting rights as per company act, and responsibility to pay face value of the share.

Types of Share Capital :

Authorized Capital : The maximum amount of share capital mentioned in capital clause of Memorandum of Association of company:

Issued Capital : The company issues shares from authorized capital as per its requirements.

Subscribed Capital : The application received by a company for the issued share is known as Subscribed share.

Called up Capital : As per the requirement of the company calling money in instalments is Called up capital.

Paid up Capital : The amount received in Called up capital is known as Paid up Capital.

Types of Share : (a) Equity share (i) Preference share

Ordinary Equity Share : The Ordinary Equity Share means it has a right to receive dividend and refund of capital after Preference shareholder.

Characteristics : (1) During the existence refund of capital is not possible. (2) Ordinary equity shareholders are true owners of the company. (3) They have voting rights. (4) Rate of dividend is uncertain and only after the payment to preference share holder gets. (5) More profit more dividends, less profit less dividend. (6) Right to remain present, voting rights and right to elect directors. (7) Equity share holders are paid last. (8) Equity shareholders have benefits of bonus share, right share and capital increment. (9) It is registered with recognized share market.

(ii) Other Equity Shares : Two types; (i) Equity share with voting rights, (ii) equity share with differential rights as to dividend & voting.

(iii) Sweat Equity Share : Sweat Equity Share can be issued after one year of commencement of business. These shares are issued to directors & employee at discount rate or without cash consideration. Locking period is three years for such shares.

Preference Share : Meaning: Preference share have first priority to receive dividend and refund of capital in case of dissolution of company.

Characteristics : (1) Right to get dividend in first priority. (2) Priority to get refund of capital in case of dissolution. (3) Preference shareholders have partial voting rights. (4) It is preferred by investors who want fixed income and safety of capital. (5) Market value is stable. (6) Compared to equity share risk is less.

Types of Preference Share : As per company Act 2013; (1) Redeemable Preference Share before 20 years. (2) Redeemable Preference Share after 20 years.

Distinguish between Equity Share and Preference Share : (1) Requirements (2) Rate of dividend (3) Rights (4) Risk (5) Investors (6) Market price (7) Increase in Capital
Share certificate :

Meaning : The share certificate is a document which is issued under the common seal of the company declaring ownership right of the member of the company. It is a primary evidence of shareholding.

Content of Share Certificate : As per Companies Act Form SH 1. (1) Name of the company and address. (2) Serial number of share. (3) Serial number of share certificate (4) The name and address of the shareholder. (5) Types of holding share and its number. (6) Nominal value of share and paid up amount there on. (7) The date and day of share allotted. (8) Signature of two directors and secretary. (9) Common seal impression.

Provisions of Company Act : (1) **Common Seal :** Certificate should have common seal impression. (2) **Signature :** The signature of two directors and a secretary is required. (3) **Joint Share Holder :** Joint shareholder's name should be on certificate. (4) **Entry in Register of Members :** Entry of share certificate in Members Register is essential.

Dematerialization of Shares (DEMAT) :

Meaning : Dematerialization is a process in which investor transfers physical format of share into electronic format. As per SEBI Act 1992 it is mandatory to open DEMAT account with depository participant for investor who is dealing in stock exchange.

Where is it to be opened ? : It can be opened with Government Bank, Private bank or other financial institution.

Procedure for Opening A/C : To open demat account following documents are to be attached to the application form : (1) PAN card (2) Residential proof (3) Identity card (4) Income tax returns (5) Passport size photo (6) Client agreement on non-judicial stamp paper.

Expenses for Demat A/C : (1) Fees for opening account (2) Annual maintenance fees (3) Custodian fees (4) Share transfer fees

Advantages of Demat A/C : (1) Share transfer process becomes speedy and easy. (2) Share trading expense is low. (3) DEMAT a/c share can be pledged for obtaining loan. (4) Share is immediately transferred to Demat a/c after purchase. (5) Ownership is speedy. (6) Bonus share is immediately transferred to a/c after disbursement. (7) Account can be observed on line. (8) Useful for mutual fund. (9) There is no fear of misplacement of share in any way. (10) Share transfer risk can be avoided. (11) It is helpful to NRI due to on line service.

Limitations : (1) Speculation activity is enhancing in some scripts. (2) It is a costly affair for investor, who invests very less amount.

Various ways to Issue Shares :

Share Issue at Par : Share issue at par or face value.

Share Issued at Premium : Company issues share at more price than face value. Extra amount known as premium is capital profit which can be used for bonus share, to write off preliminary expenses, to redeem debenture premium, to write off under commission.

Share Issued at Discount : Share issued by the company at the price less than its face value.

Bonus Share :

Meaning : The Company issues additional share in proportion to shareholders without any other consideration, out of its accumulated profit.

Conditions : (1) From uncalled amount. (2) Utilization of accumulated profit. (3) To maintain liquidity

From What can Bonus be Given ? (1) From reserve fund. (2) From the credit balance of the Profit and Loss Appropriation A/C and surplus amount of debenture redemption A/C..

Procedure to issue Bonus Share : (1) There should be provision in Articles of Association. (2) Resolution of general meeting is required. (3) There should be the name in shareholder's register. (4) Members' list is to be prepared. (5) Ownership agreement is to be prepared. (6) Sanction letter is to be sent to shareholder. (7) As per the provisions of law bonus share statement should be registered with Company Registrar. (8) Procedure should be followed as per SEBI.

Right Share :

Meaning : The existing company offering new equity share to its existing shareholder is known as Right share.

Provisions : (1) Limitation of Time : from the date of incorporation till 2 years or 1 year since the share distribution, whichever date comes first out of these dates. (2) Notice to Shareholders : Every existing share holder has to be issued notice. (3) Rejection of rights : Shareholder may reject the offer in favour of some other person. (4) Discards right share : If the shareholder does not opt for Right share, the directors discard such share. (5) Share Application Money : Necessary money is to be rendered with application.

Duties of Secretary for Right Share : Divided in two parts;

(a) Duties Towards Existing Shareholder : (1) To decide legality of Right share. (2) Resolution must be passed in Board of Directors' meeting. (3) Share holder should be informed properly. (4) To decide closing date of share transfer register and members register.

(b) Duties Towards General Public : The share not accepted as Right share is offered to general public for subscription. The secretary has to follow provision of company act to issue such share.

Exercise

1. Select suitable option from the given options :

- (1) Company issues share in proportion to shareholders without consideration, out of its accumulated profit is known
(A) Equity share (B) Preference share (C) bonus share (D) right share
- (2) Which statement is incorrect with reference to Equity share ?
(A) Voting Rights (B) First Preference to get dividend
(C) Right to attend Annual General Meeting (D) Right to get Bonus shares
- (3) As per law to raise capital company issue
(A) Memorandum of Association (B) Articles of Association
(C) Prospectus (D) Share certificate
- (4) NRI means
(A) Non recruit Indian (B) Non Residential Indian
(C) National Resident Indian (D) Non Residential International
- (5) What type of asset is share ?
(A) Fix (B) Movable (C) Invisible (D) Fictitious
- (6) NSDL means
(A) National Securities Depository Limited (B) Non Securities Depository Limited
(C) National Securities Disaster Limited (D) National Securities Department Limited
- (7) The share given to Directors and employee of the company at discount price or without cash consideration is
(A) Equity share (B) Bonus share (C) Sweat equity share (D) Right share
- (8) Main office of SEBI is situated at
(A) Ahmedabad (B) Vadodara
(C) Pune (D) Mumbai

- (9) CDSL means
 (A) Central Defense Services India Limited (B) Central Direct Services India Limited
 (C) Central Depository Services India Limited (D) Central Department Services India Limited
- (10) D P means
 (A) Direct payment (B) Depository partly payments
 (C) Depository participant (D) Depository partnership
- (11) Issuing of bonus share should be registered with company registrar within...
 (A) 1 Month (B) 3 Months (C) 2 Months (D) 4 Months
- (12) Full form of SEBI is
 (A) Securities and Exports Board of India (B) Securities and Exchange Board of India
 (C) Securities and Expert Board of India (D) Special and Exchange Board of India

2. Answer the Following Questions in one Sentence :

- (1) How many types of capital is required by the company ?
- (2) In which clause of M/A, authorized capital is mentioned ?
- (3) What is the locking period for Sweat Equity share ?
- (4) What is the primary evidence of a shareholder ?
- (5) What is share premium for a company ?
- (6) What type of investors prefer to purchase preference shares ?
- (7) What is share issued at discount ?
- (8) Which type of capital is required for purchasing fixed assets ?
- (9) State the types of Preference share.
- (10) What is dematerialization ?
- (11) What is the term used for application received by a company for the issued share ?
- (12) Why does company require working capital ?

3. Answer the Following Questions Briefly :

- (1) Give the meaning and definition of Share.
- (2) Explain the statement 'Share reflects right and responsibility of shareholder to the company'.
- (3) Explain the statement-'Dividend received by equity share is linked with profit of the company'.
- (4) Write down types of other Equity share.
- (5) Write down advantages of Sweat Equity share to Directors and employee.
- (6) 'Share certificate is the primary evidence for shareholder'. Give reasons.
- (7) Write down the provisions of Company Act regarding share certificate.
- (8) Where can the DEMAT A/C be opened ?
- (9) State the expenses of DEMAT A/C.
- (10) State the condition to issue bonus share.

4. Answer the Following Questions Point Wise :

- (1) State the characteristics of share.
- (2) Give the meaning and provision for Sweat Equity share.
- (3) What is the requirement of DEMAT A/C ?
- (4) Write down the procedure to open DEMAT A/C.
- (5) From what can Bonus share be given ?
- (6) Write down duties of secretary regarding Right share.

5. Answer the Following Questions in Detail :

- (1) Explain the types of capital.
- (2) Write the meaning and characteristics of Equity share.
- (3) Write the meaning and characteristics of Preference share.
- (4) Distinguish between equity share and preference share.
- (5) What is share certificate? What contents are included in it ?
- (6) Explain advantages and limitations of DEMAT A/C.
- (7) What is meant by 'share issued at premium' ? How do companies utilize this premium amount ?
- (8) What is Bonus share? Write down procedure for Bonus share.
- (9) What is Right share? Write down provisions for Right share.

You may be Egger to Know

SEBI	: Securities and Exchange Board of India
NSDL	: National Securities Depository Limited
CDSL	: Central Depository Services (India) Limited
DP	: Depository Participant
PAN	: Permanent Account Number
NRI	: Non Resident Indian
M/A	: Memorandum of Association
A/A	: Articals of Association

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