

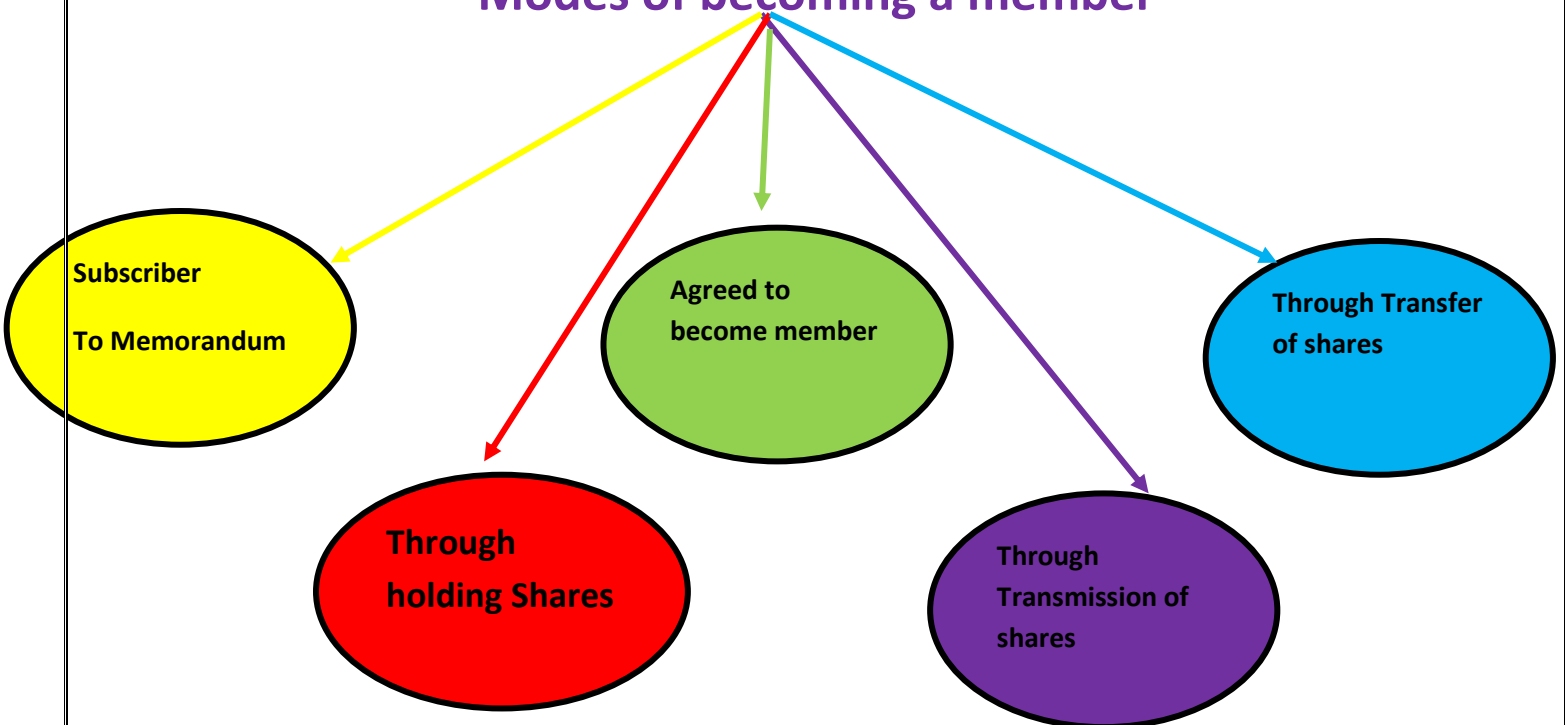
Members of company



But what if company has no share capital?

So in general we say that all subscribers to memorandum and those who are agree to become the member of company or any person who has ownership of company and claim on the assets and profits of company as owner is member of company.

Modes of becoming a member



1. Subscriber to memorandum:

A person who signs the memorandum is called subscriber to memorandum. A subscriber to memorandum becomes a member of company on its registration. The subscribers are members of the company and their names must be entered in the register of members.

2. Through holding shares:

If a company has share capital and company has allotted shares to a person, then person becomes a member of the company when his name is registered in the registered of members.

3. Agreed to become member:

In case of company not having share capital, a person becomes a member when he agrees to become member of the company and his name is entered in the registered of members.

4. Transfer of shares

A person who takes shares from a shareholder by sale or gift becomes a member when his name is entered in the registered of members.

5. Transmission of shares:

On the death and insanity of a shareholder, shares are transferred to his legal representatives and they become members of the company when their names are entered in the register of members.

Termination of membership:

In simple words termination of membership is only possible when he ceases to be shareholder of the company.

So, here is need to discuss what are the situations in which a person lost the status of shareholder.

1. When shareholder transfers his shares through proper procedure

2. Shares allotted to shareholder are forfeited by the company; it is less likely to happen.
3. Court has decided against a person that he cannot hold shares of a [any] company.
4. In case of death of a person, when shares are transferred to legal heirs
5. He is declared insolvent and shares are transferred to official assignee
6. He rejects his subscription of shares due to any wrong information by the company
7. His redeemable preference shares are redeemed
8. The listed company purchases his own shares from a shareholder
9. The affairs of the company are wound up

Rights of members:

The rights of members are as follows.

1. Copy of memorandum and articles:

The members are entitled to receive copies of memorandum and articles on payment of amount as may be fixed by the company within 14 days of application [section:39]

2. Alteration of memorandum and articles

The members have the right to alter the memorandum and articles of a company.

3. Variation of shareholders rights

The members have the right to vary the rights of shareholders of any class by passing a resolution [section: 59]

4. Share certificate

The members have the right to receive certificate of shares or other securities within 30 days after the allotment. [Section: 71]

5. Duplicate share certificate

The members have the right to receive duplicate of a certificate of shares or other securities within 30 days of application [section: 73]

6. Transfer of shares

If member applies for transfer of shares, the company must transfer the shares in favor of the transferee within 15 days of application. [Section: 74]

7. Issue of shares at discount

The members have the right to give approval to issue shares at discount. [Section: 81]

8. Right shares

If a company issues right shares, The members have the right to buy right shares in proportion of existing shares held by them. [Section: 83]

9. Rectification of register

A member can apply to the court for rectification of register of members if name is without sufficient cause entered in or omitted from the register

10. Inspection of register

The members have the right to inspect the register of members and register of debenture holders without charges.

11. General meeting

The members have the right to receive statutory report and notice of statutory meeting, annual general meeting and extraordinary general meeting. The members have the right to attend the meetings of both types.

12. Meeting on requisition

The members representing not less than 10 percent of voting power have the right to call an extraordinary general meeting by making a requisition. If directors do not call the extraordinary general meeting, the members may call themselves.

13. Voting right

In case of company having a share capital, every member shall have votes proportionate to the paid-up value of shares or other securities carrying voting rights held by him

Note: on the basis of decision taken by majority of members voting right from any class of share can be omitted.

14. Invalidation of meeting

In case of any defect in the notice or proceedings in the general meeting which prevented members from using their rights, the members having minimum 10 percent of voting power may file a petition in the court to declare such meeting as invalid. [Section: 136]

15. Appointment of proxy

A member entitled to attend or vote in the meeting can appoint another person as his proxy to vote and attend in his place. [Section: 137]

16. Notice of resolution

The members having not less than 10 percent shares of the voting power can propose a resolution for the meeting of the company.

17. Minutes of meeting

The members have the right to request for a certified copy of minutes of any general meeting on payment of amount fixed by the company. [Section: 152]

18. Contest election of director

Any member has the right to contest for the election of director subject to the conditions for the office of directorship. [Section: 159]

19. Election and removal of directors

The members have the right to elect directors and hold them accountable for their acts. The shareholders can remove the directors by passing a special resolution.

20. Financial statements

Every company is required to send copies of financial statements along with auditor's report and chairman's review report to the members at least 21 days before the AGM.

21. Recommendation of auditor

A member or members having not less than 10 percent shares in the company shall be entitled to propose any auditor for appointment.

22. Invalidation of election of director

The members having not less than 10 percent voting power in a company can make an application to the court within 30 days of election of director for declaration of election as invalid. [Section: 160]

23. Receive dividend

Every registered shareholder has the right to receive dividends from the profits of the company according to the policy of company.

24. Application for investigation

The members having 10 percent voting power in the company may apply to commission to order an investigation into the affairs of the company. [Section: 256]

25. Prevention of oppression

Members having not less than 10 percent of issued share capital of the company may complain to the court that affairs of the company are being conducted in an unlawful or fraudulent manner or against the interest of members and society.

26. Application for winding up

If some members collectively having share capital of at least 10 percent feel that company is exploiting their rights and not working in the interest of minority shareholders, so, members collectively have the right to apply to the court for winding up of company.

27. Assets at winding up

When a company is wound up, the balance, if any, is distributed among the members in proportion to their holding in the company

Register of members

Register of Shareholders					A SAMPLE COMPANY LTD Company Number 0544338
Name and Correspondence Address	Class of share	Total number of shares held	Date became shareholder	Date ceased to be shareholder	
John Adam Barron 119 Teddington Terrace, Newtown, Westshire, UU8 5RY, United Kingdom	Ordinary £1.00	3,000	18/08/2015	-	
	Preference £1.00	25	10/02/2015	-	
Marcus David Fallon 67 York Road, Collington, Westshire, UU13 8PP, United Kingdom	Ordinary £1.00	4,500	09/01/2016	-	
George Fenwick 3 Colton Square, Shenton, Newshire TT5 3LW	Ordinary £1.00	0	05/05/2013	05/03/2015	
Michael Alan Hayes 11 South Street, Welby, Westshire, FF7 8YY, United Kingdom	Ordinary £1.00	5,000	19/08/2015	-	
	Preference £1.00	25	18/09/2015	-	
Anthony Howell Rock House Lion Crescent, Beyville, Helton, Thereshire, LL13 4RF, United Kingdom	Ordinary £1.00	13,000	03/03/2013	-	
	Preference £1.00	25	05/02/2014	-	
Richard Oswald The Old Rectory Selsham Park, Newtown, Westshire, UU8 5CC, United Kingdom	Ordinary £1.00	1,500	26/09/2015	-	
Julia Tilbrook 177 Melville Terrace, Lymston, North Oldshire, NB4 7SZ, United Kingdom	Ordinary £1.00	5,000	12/12/2013	-	
	Preference £1.00	25	03/01/2015	-	
Hugo Vega, Selina Vega 14 Kite Close, Whitnash, Hopton, Esshire, CC30 2FF, United Kingdom	Ordinary £1.00	7,000	05/06/2014	-	
Christine Walsh 101 York Road, Collington, Westshire, UU13 8PQ, United Kingdom	Ordinary £1.00	1,000	01/11/2014	-	
YOUR COMPANIES (HOLDING COMPANY) LTD Bank House Mile End Street, Walsingham, Wilchester, Northshire, CD7 1RG, England	Ordinary £1.00	10,000	06/01/2016	-	

It is compulsory for each company to maintain a register of members, the particulars of each member shall be entered in the register. In case of joint holders of shares the register of members shall state the names of each joint holder.

Note: although the joint account shows the name of all shareholders but the address for correspondence is always written for the first person in the joint account.



Besides the register of members and debenture holders every company is required to make an index of members, if any alteration is made in the register of members the company must make the necessary alteration in the index of members within 14 days.

Any company with less than 50 members is legally not required to maintain the index of members. Register of members is compulsory for all companies



All the registers and indexes must be kept with the office of registrar and must be open for inspection for the members at least for two hours during business hours without any charges.

Any other person from general public can also check make inspection of accounts and registers but after the payment of fee fixed by the company.

Any person can get a certified copy of register and index within 7 days on payment of fee.

Any person asking for the copy of register must mention the reason of demand along with his name and address.

In case person is company the demand of register must be by the authorized person.