

Shareholders

Methods / Modes of Becoming Members:

- 1) By subscribing to memorandum
- 2) By agreeing to take up qualification shares.
- 3) By person being recorded in register of members. (Co. no share)
- 4) By transfer of shares.
- 5) By transmission of shares.

Who may or may not be a Member:

- 1) Company.
- 2) Hindu Undivided Family.
- 3) Partnership Firm.
- 4) Foreigner.
- 5) Minor or Lunatic.
- 6) Joint Holder.
- 7) Trust.
- 8) Registered Society.
- 9) Insolvent.

Joint Holder of Shares:

- 1) Counted as one member.
- 2) Signature of any one is sufficient for notice / requisition.
- 3) Single share certificate.
- 4) Notice to 1st named joint holder.
- 5) Dividend to 1st named joint holder.
- 6) Voting right to senior (1st named in register of members)
- 7) Counted as 1 member for establishing quorum of meeting.
- 8) Transfer of shares is only effective when made by all JH.
- 9) Transmission of share by operation of law = Heir + remaining JH

Rights of Member:

A. Statutory Rights:

- 1) Right to transfer shares.
- 2) Right of priority to have shares offered in case of increase of capital.
- 3) Right to receive notice of resolution.
- 4) Right to vote at meeting.
- 5) Right to demand poll.

B. Individual rights:

- 1) Right to obtain certain documents or copies thereof:
 - i) Memorandum
 - ii) Articles
 - iii) Resolutions and agreements.
 - iv) Share certificates.
 - v) Copies of trust deed.
 - vi) Inspection of register of members and index of members.
 - vii) Minutes of proceeding of meeting.
- 2) Rights to inspect certain books or registers:
 - i) Register of investments.
 - ii) Register of investments not held by company in its own name.
 - iii) Copies of investments not held by company in its own name.
 - iv) Copies of investments register creating charges u/s 130 and company's register of charges u/s 135.
 - v) Register of members
 - vi) Index of members
 - vii) Register of debenture holder u/s 156
 - viii) Annual return u/s 156(5)
 - ix) Minutes of general meeting.
- 3) Right to transfer shares
- 4) Right of priority to have shares offered when capital is increased.
- 5) Right to share in the assets of company.

- 6) Rights in relation to meetings:
 - i) Attend meetings
 - ii) Receive notice of meeting
 - iii) Vote at meeting either in person or by proxy
 - iv) Move resolution
- 7) Right to apply to court for relief in certain cases:
 - i) Rectification of register of members
 - ii) Claim for supply of certain documents or their copies.
 - iii) Claim for inspection of register
 - iv) When there is oppression and mismanagement.
- 8) Right to apply to registrar to call meetings of the company.
- 9) Right to apply to court for appointment of liquidator in a creditors voluntary winding up.
- 10) Right to receive dividend.

C. Collective rights:

- 1) Require directors to convene EGM, may hold such meeting on refusal by directors.
- 2) Demand poll.
- 3) Apply to court for cancellation of variation in rights of shareholders of any class.
- 4) Right to apply to SECP to investigate the affairs of the company.
- 5) Right to appoint auditors and fix their remunerations.
- 6) Right to elect directors at AGM.
- 7) Right to remove directors.

Termination of Membership:

1. Transfer of shares
2. Surrender of shares.
3. Exercise of lien by company.
4. Gift of shares
5. Redemption of shares.

Liability of Members:

- Pay full amount due.
- Abide provisions of MoA and AoA
- No. of members <7, for >6 months, liable to pay debts of Co.