



VIT[®]

Vellore Institute of Technology
(Deemed to be University under section 3 of UGC Act, 1956)

Legal Aspects of Business

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Recapitulate

The companies Act, 2013

Share Capital

- Introduction
- Types of Capital
- Types of preference share
- Voting rights of shareholders
- Shareholders and debenture holders

The Companies Act, 2013

Membership

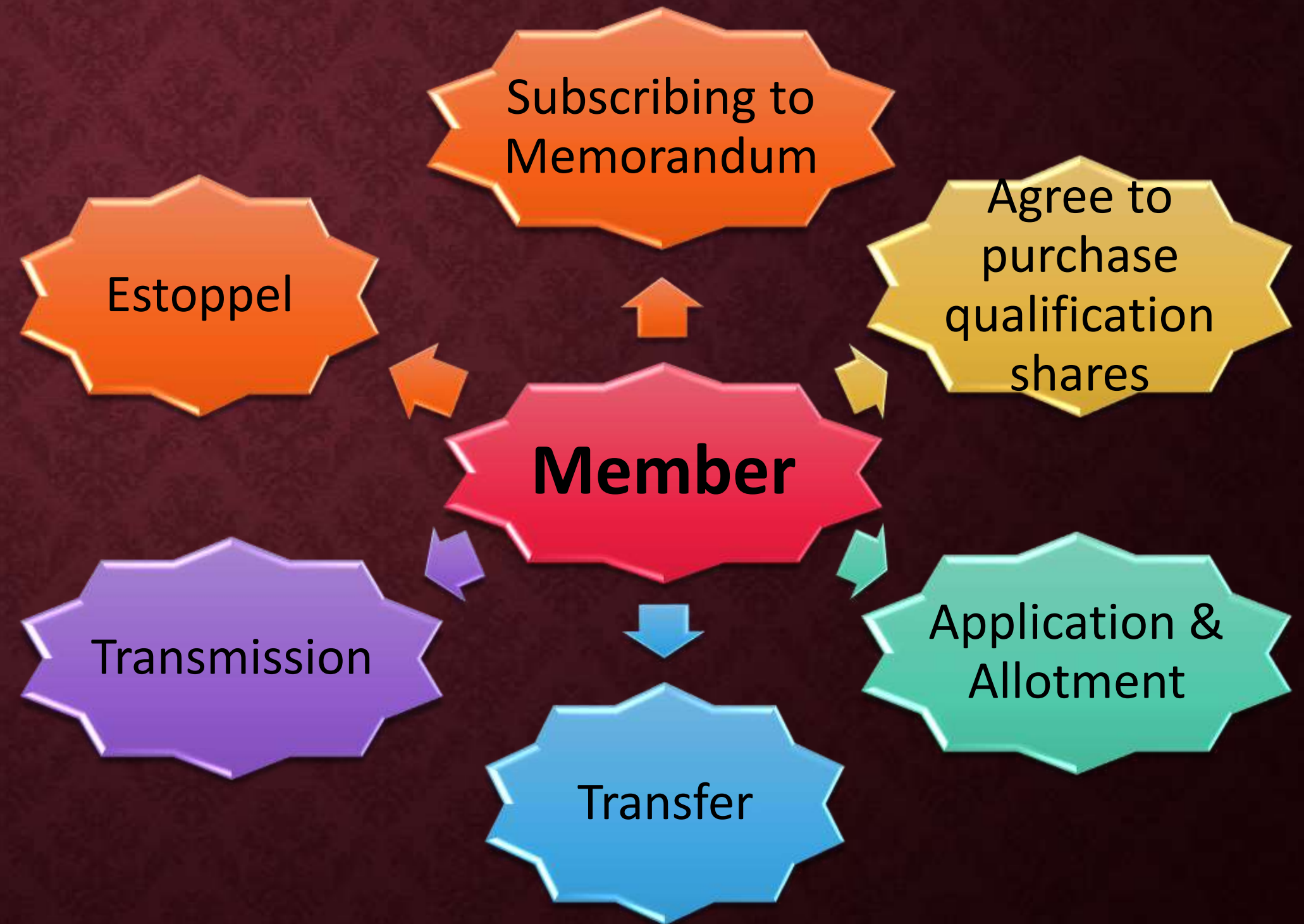
The term member refers to a person whose name appears on the register of members.

In other words, member as a person who has signed the memorandum of association, and every other person who agrees in writing to become a member and whose name is entered in the register of members.

Every person holding equity share capital of a company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the concerned company

The Companies Act, 2013

Mode of Acquiring Membership



The Companies Act, 2013

Who can be member?

The Act does not lay down any qualification for persons who can become members of a company.

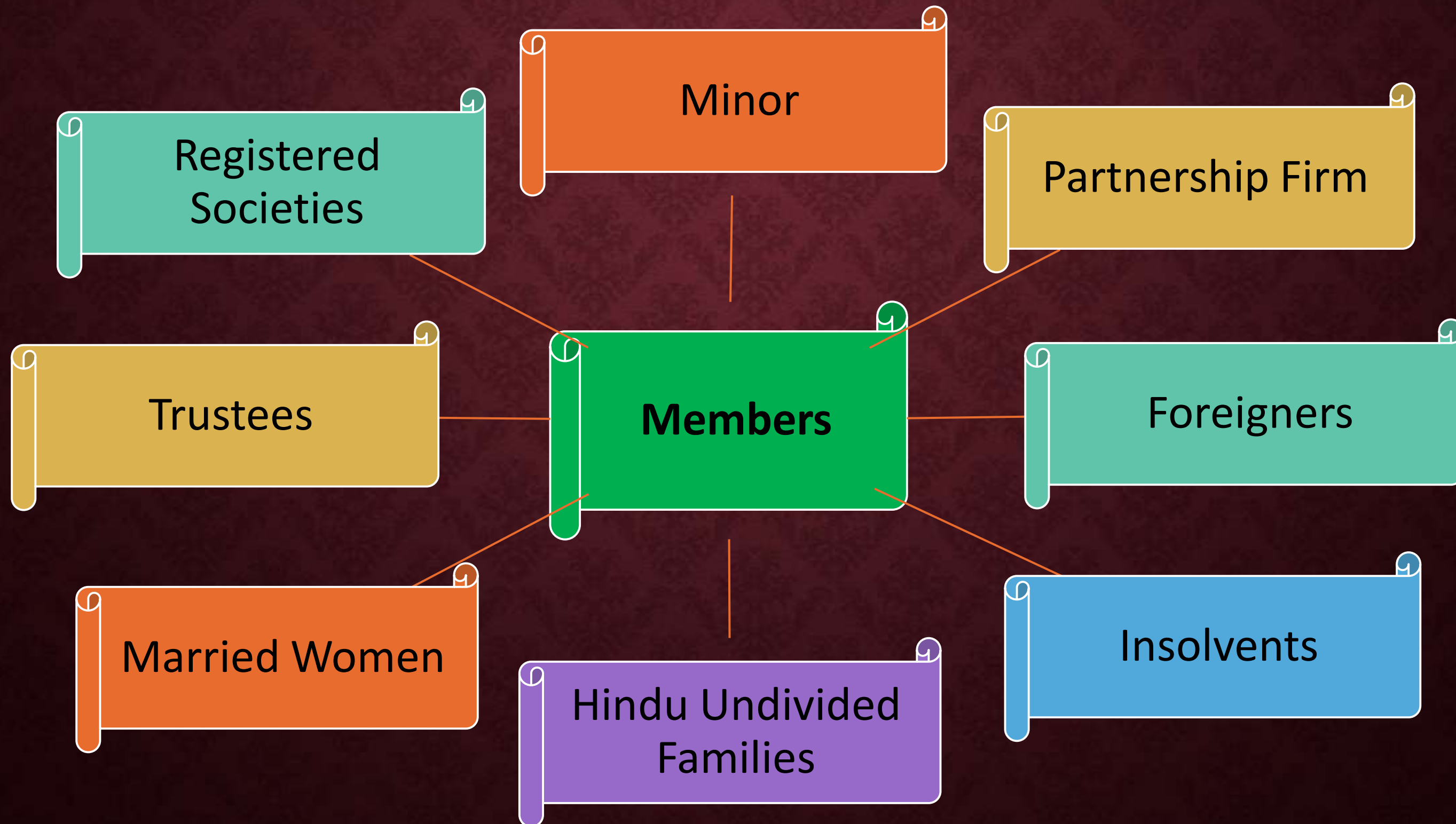
It becomes obvious that membership is open to such persons who are competent to enter into a contract according to the provisions of the Indian Contract Act, 1872

Competent Person

- Age of majority
- Sound mind person
- Not disqualified by law

The Companies Act, 2013

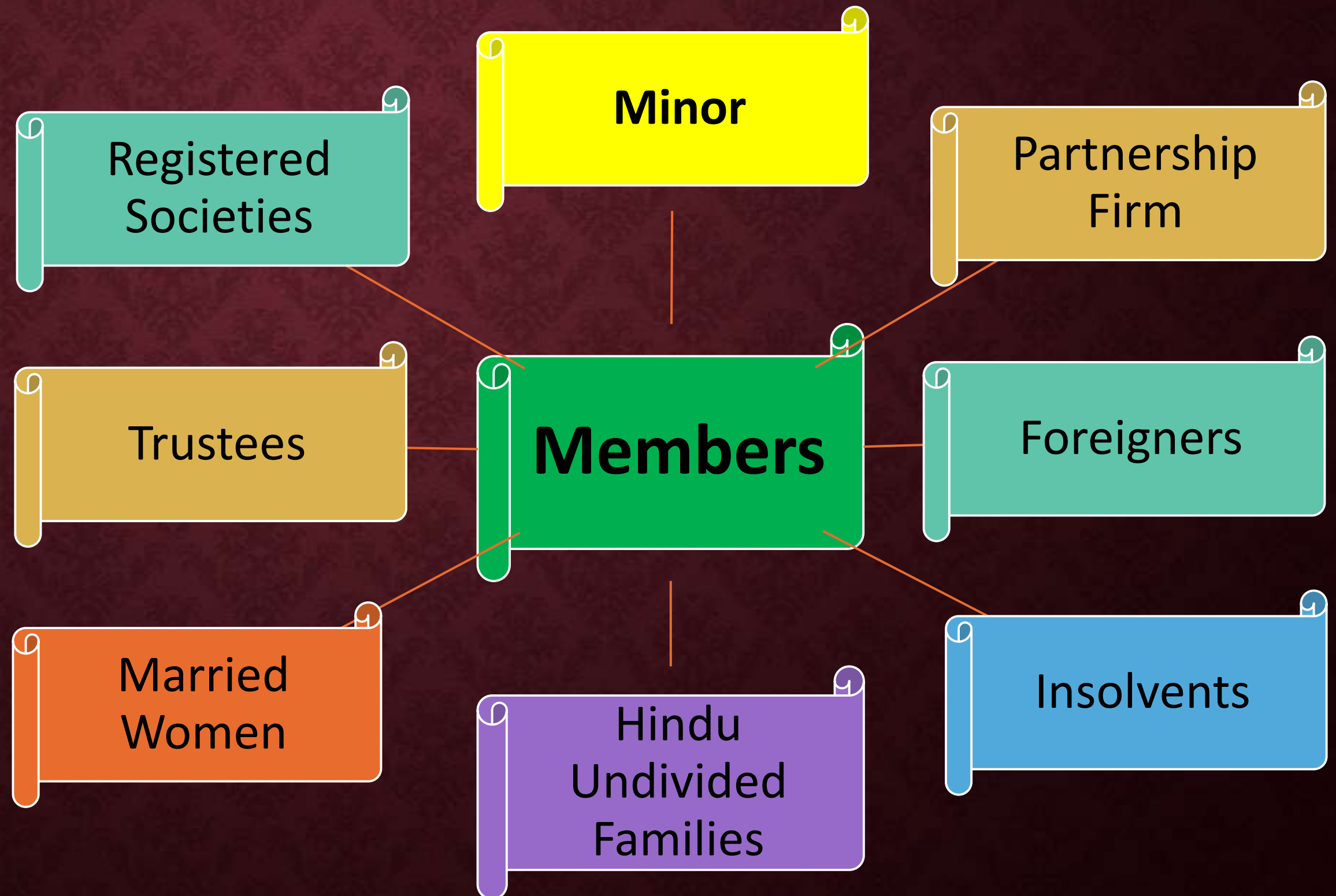
Who can be Members?



The Companies Act, 2013

Who can be Members?

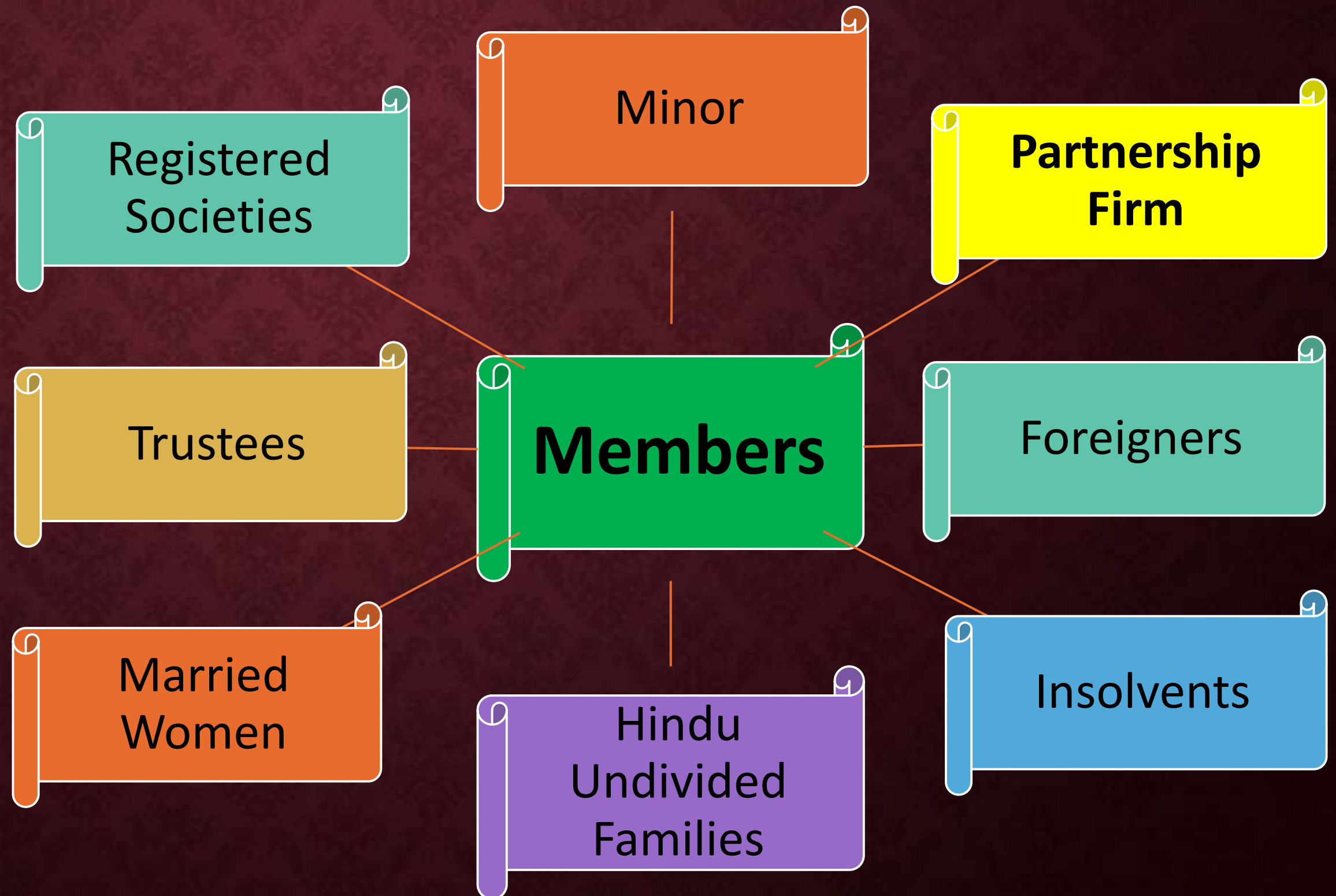
A minor is incompetent to become a member of a company



The Companies Act, 2013

Who can be Members?

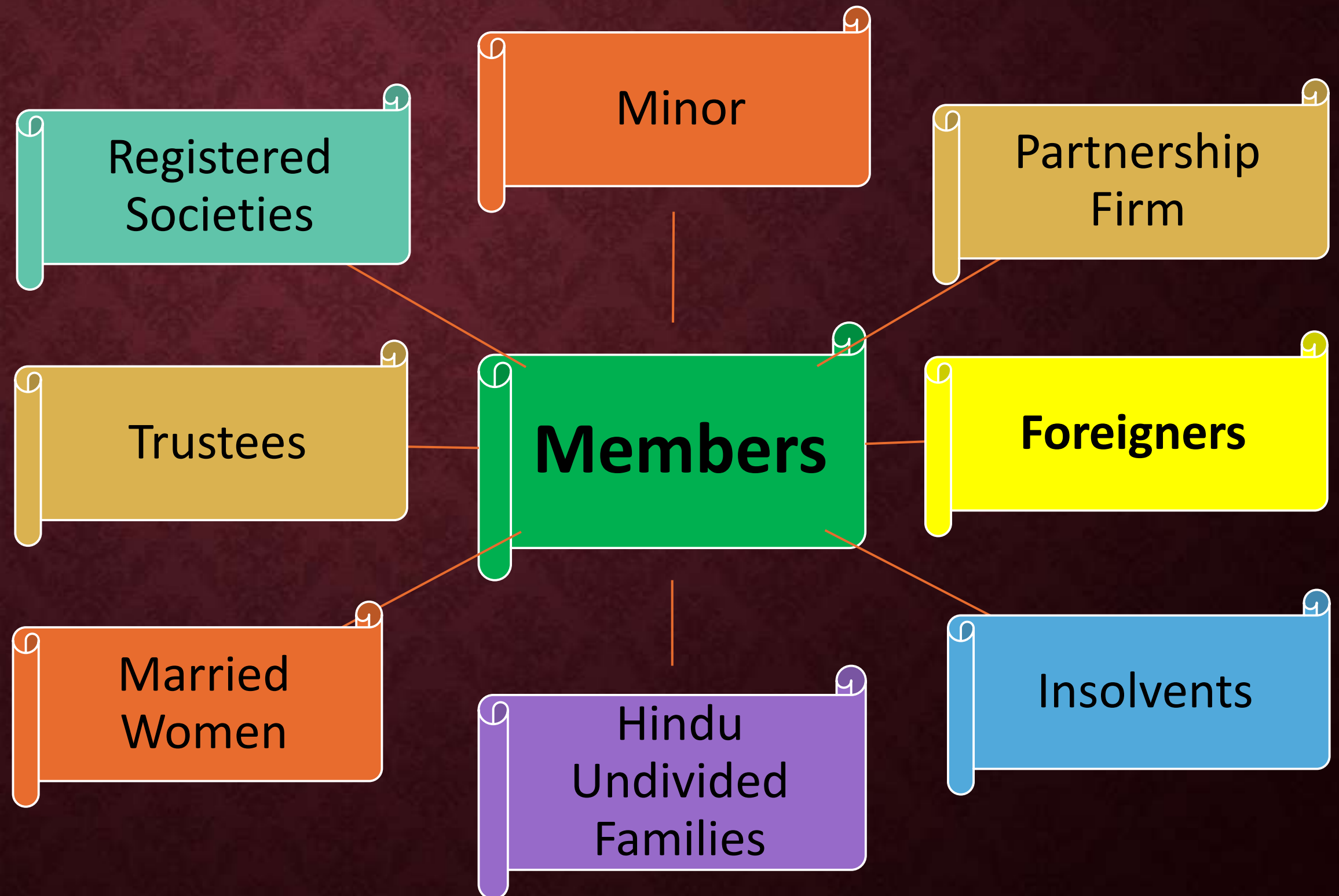
Shares can be hold in the individual names of partners as joint shareholders



The Companies Act, 2013

Who can be Members?

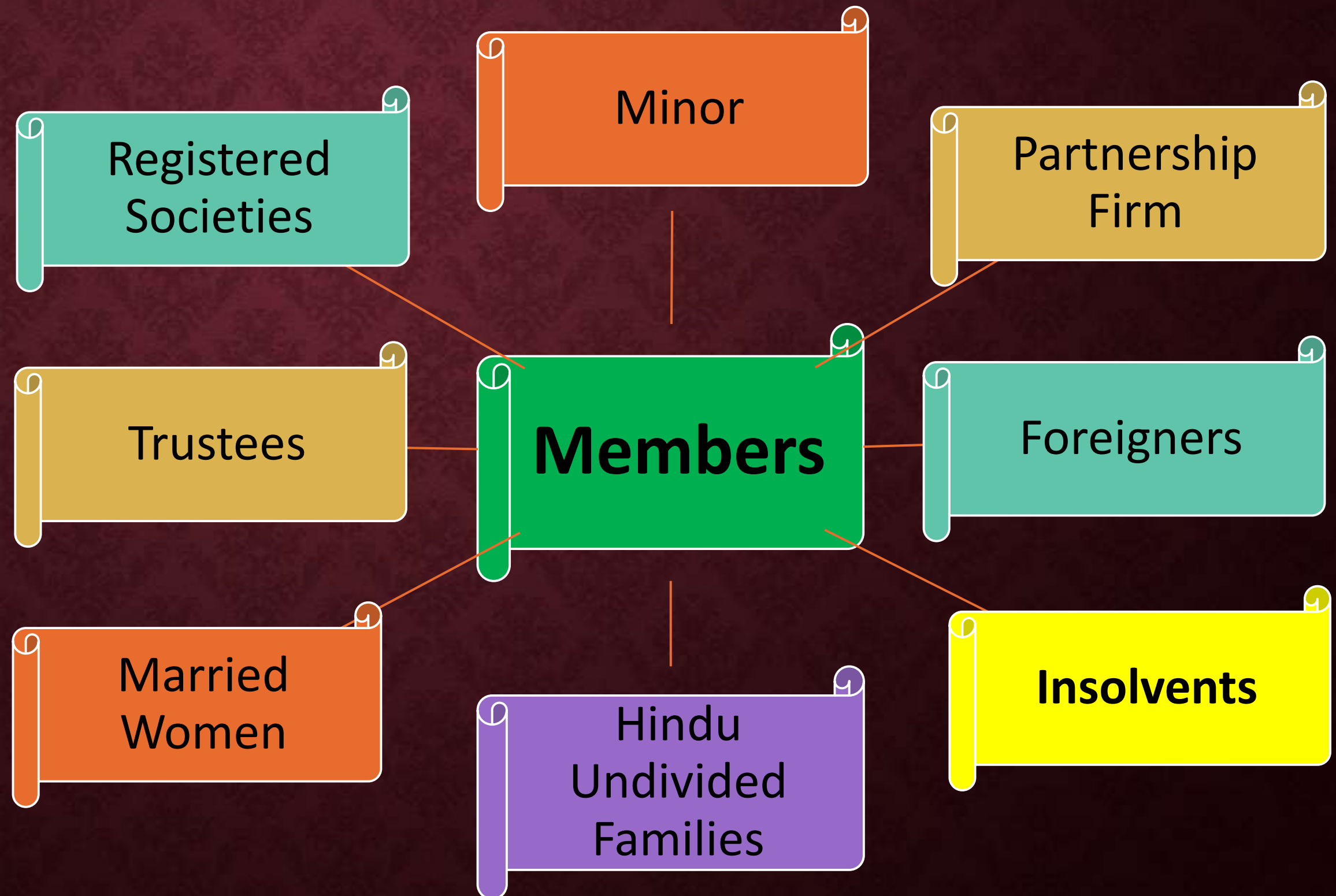
If they becomes an alien enemy, his rights as a member of the company are suspended



The Companies Act, 2013

Who can be Members?

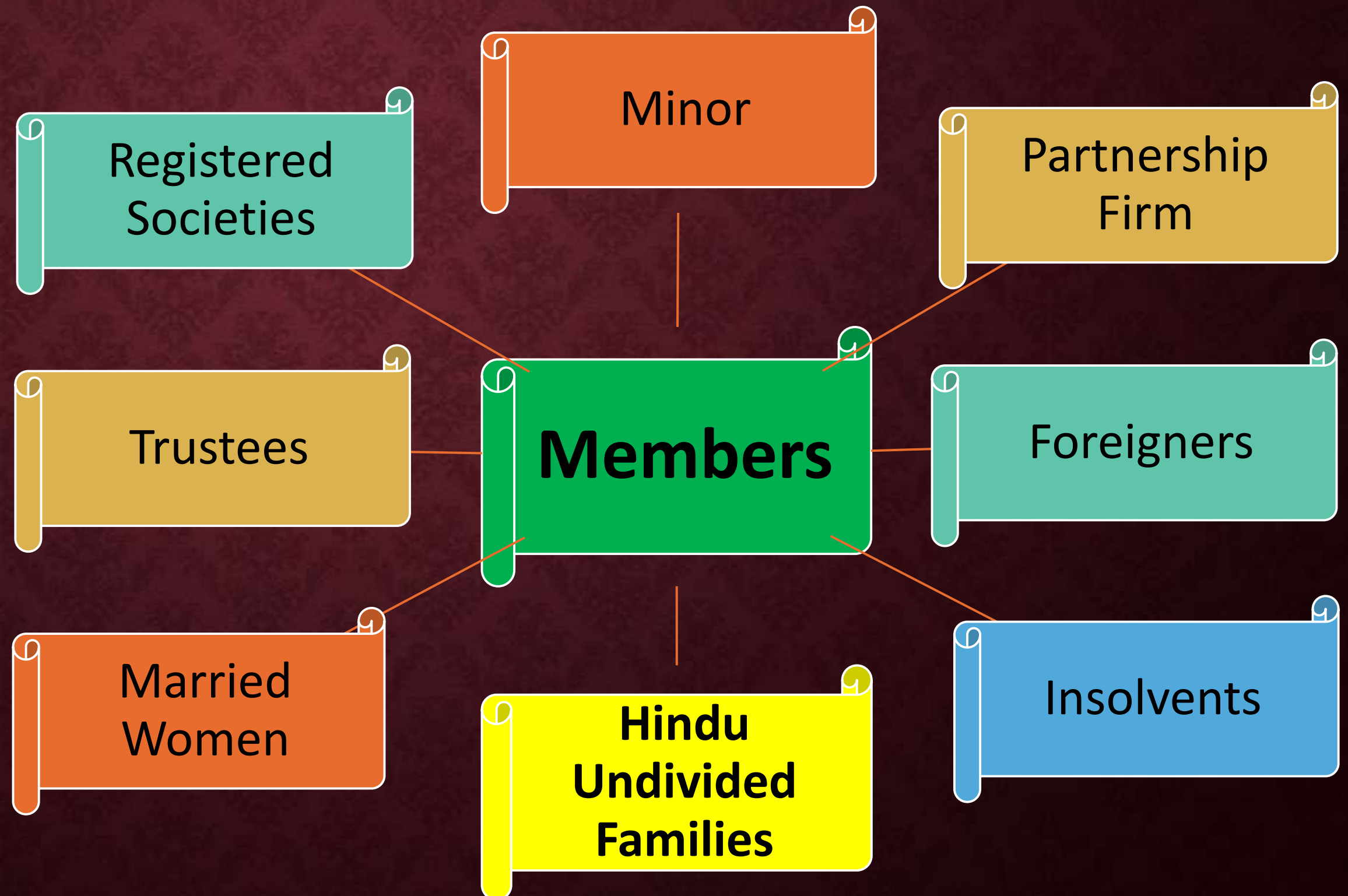
Act as member long as his name appears in the register of members, even if official assignee



The Companies Act, 2013

Who can be Members?

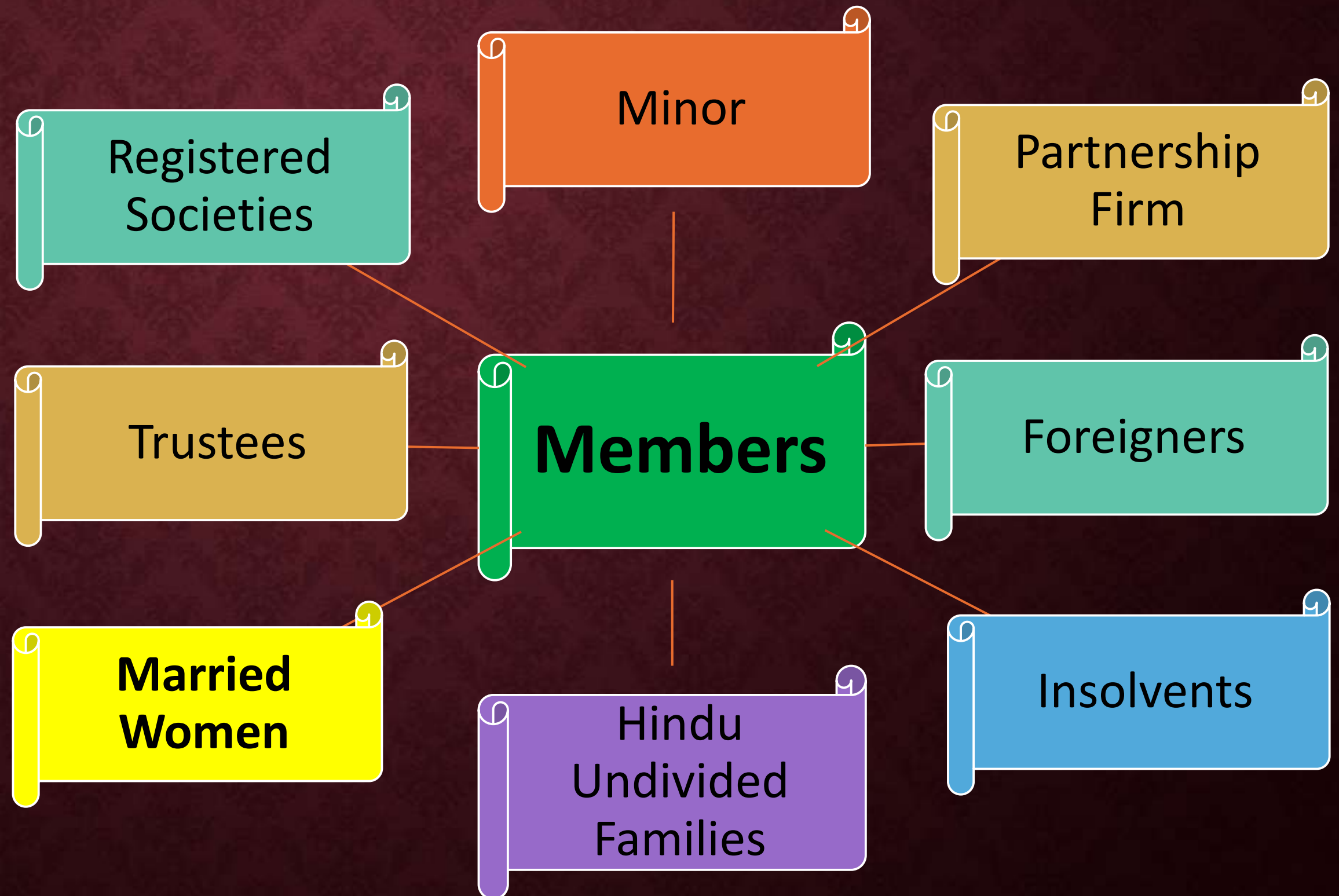
Shares can be purchased by a HUF through its Karta.



The Companies Act, 2013

Who can be Members?

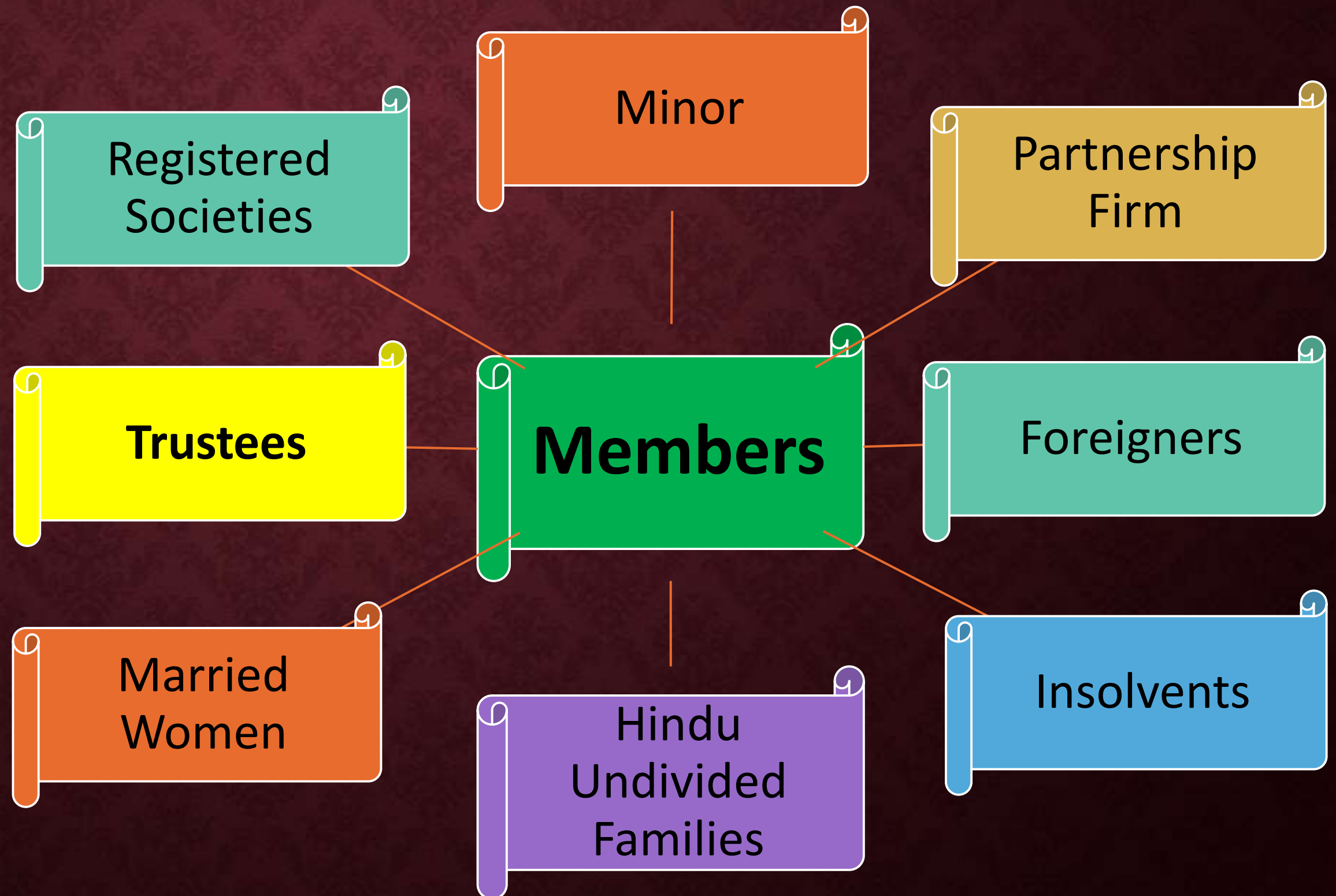
Married woman
can subscribe to
a MOA and
competent to
enter into a
contract



The Companies Act, 2013

Who can be Members?

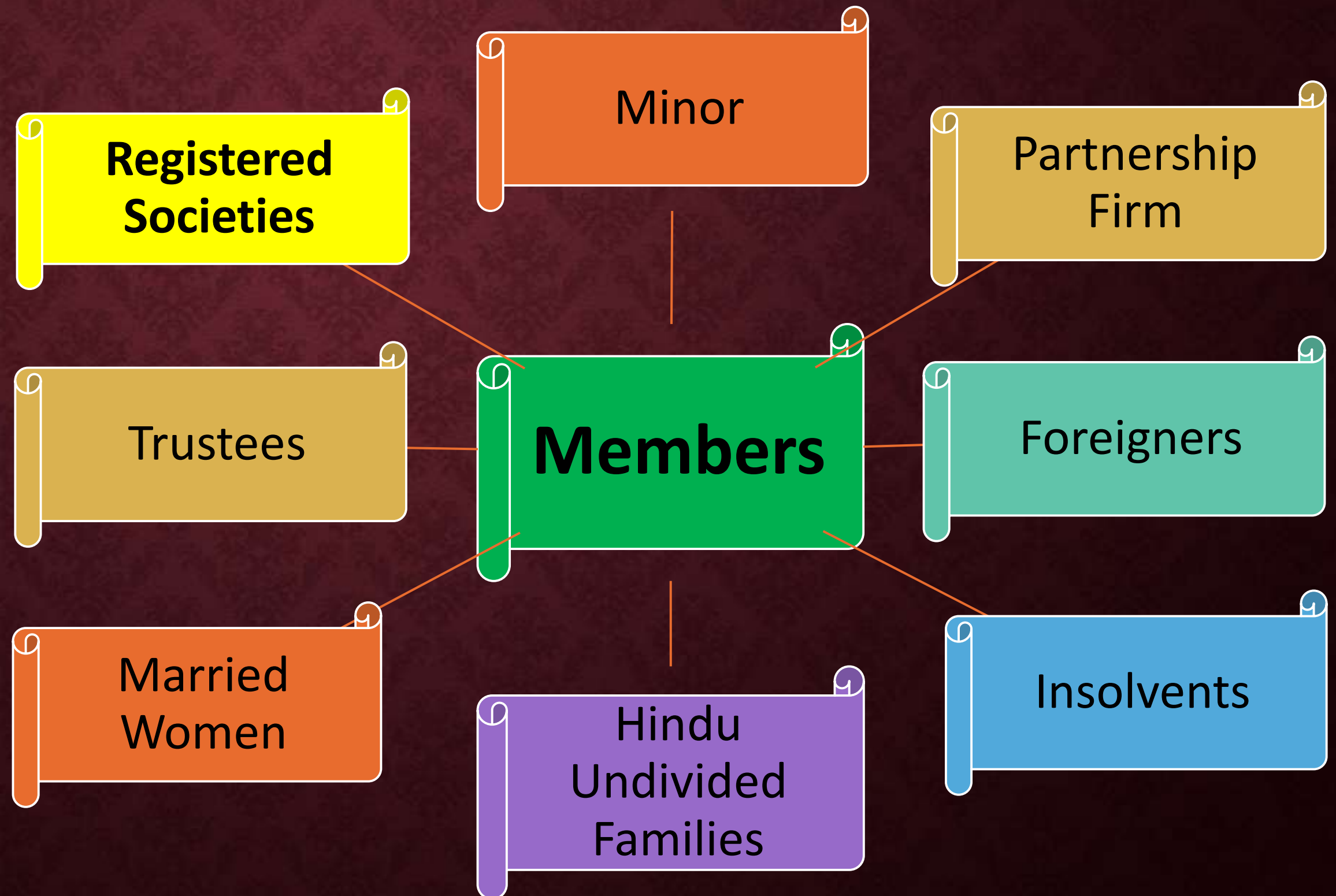
Trustee cannot be a member because a company is not bound to recognize. Or else he will be treated as a member in his individual capacity



The Companies Act, 2013

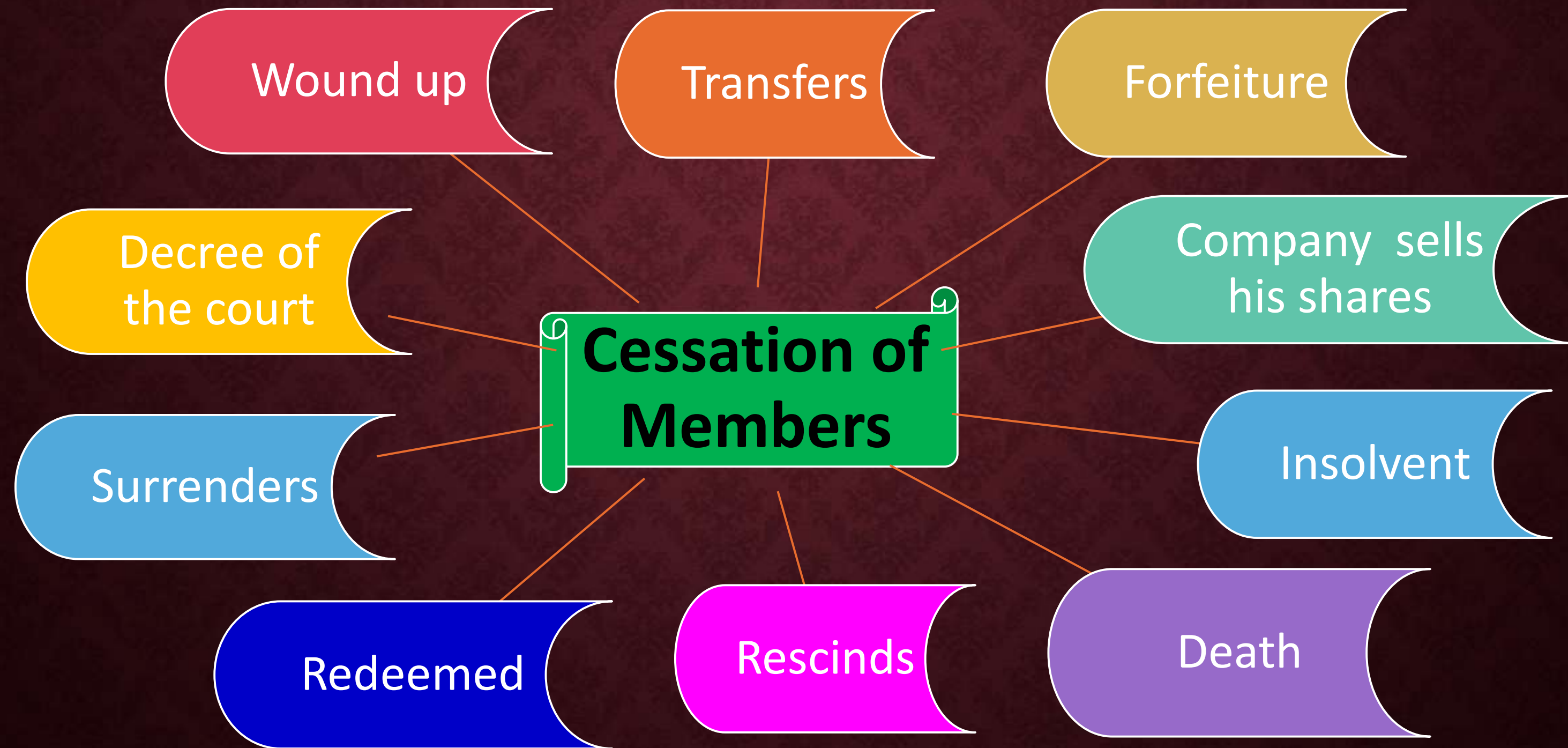
Who can be Members?

Societies can hold shares in a company in its own name, if its authorized by MOA & AOA



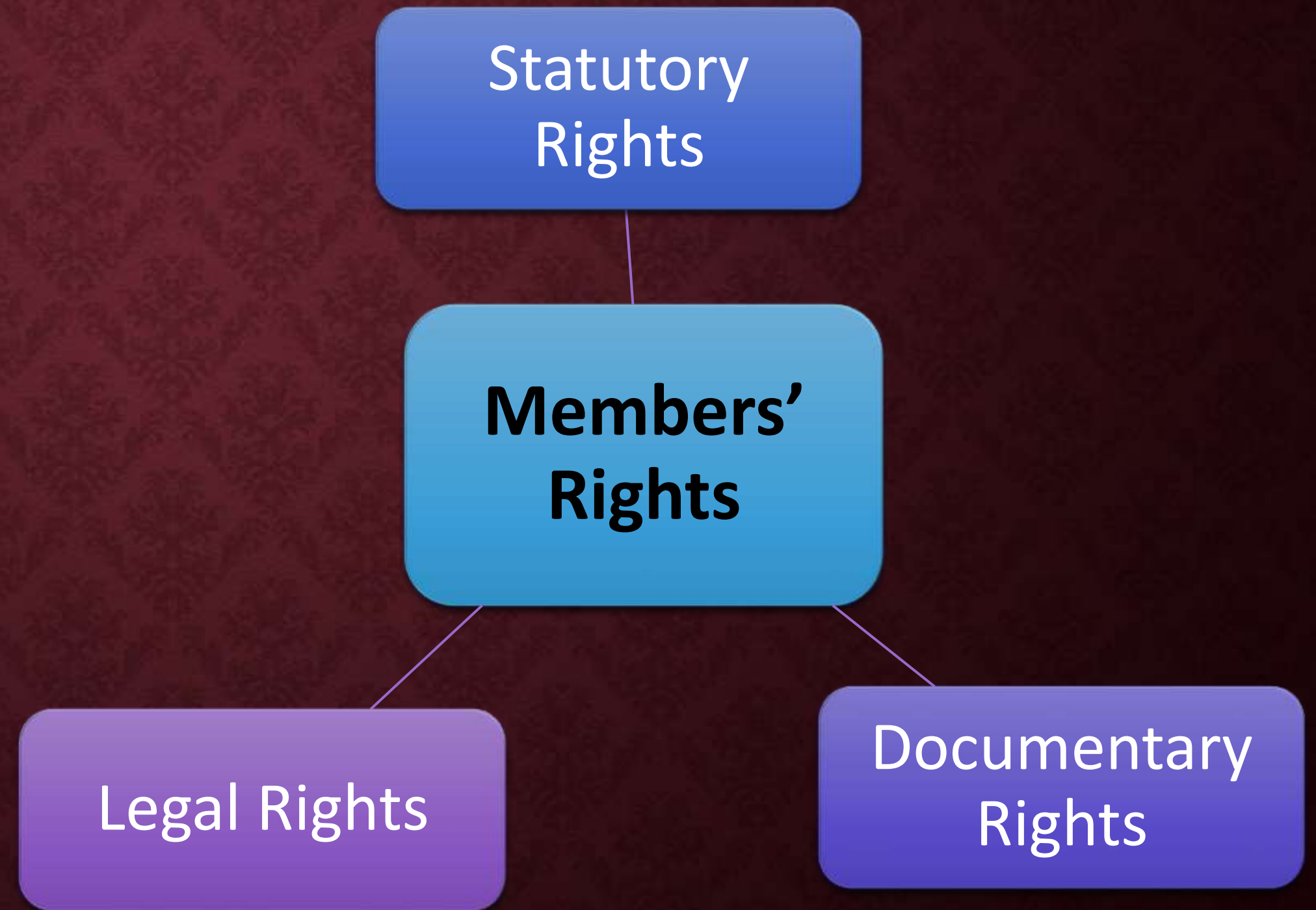
The Companies Act, 2013

Cessation of Membership



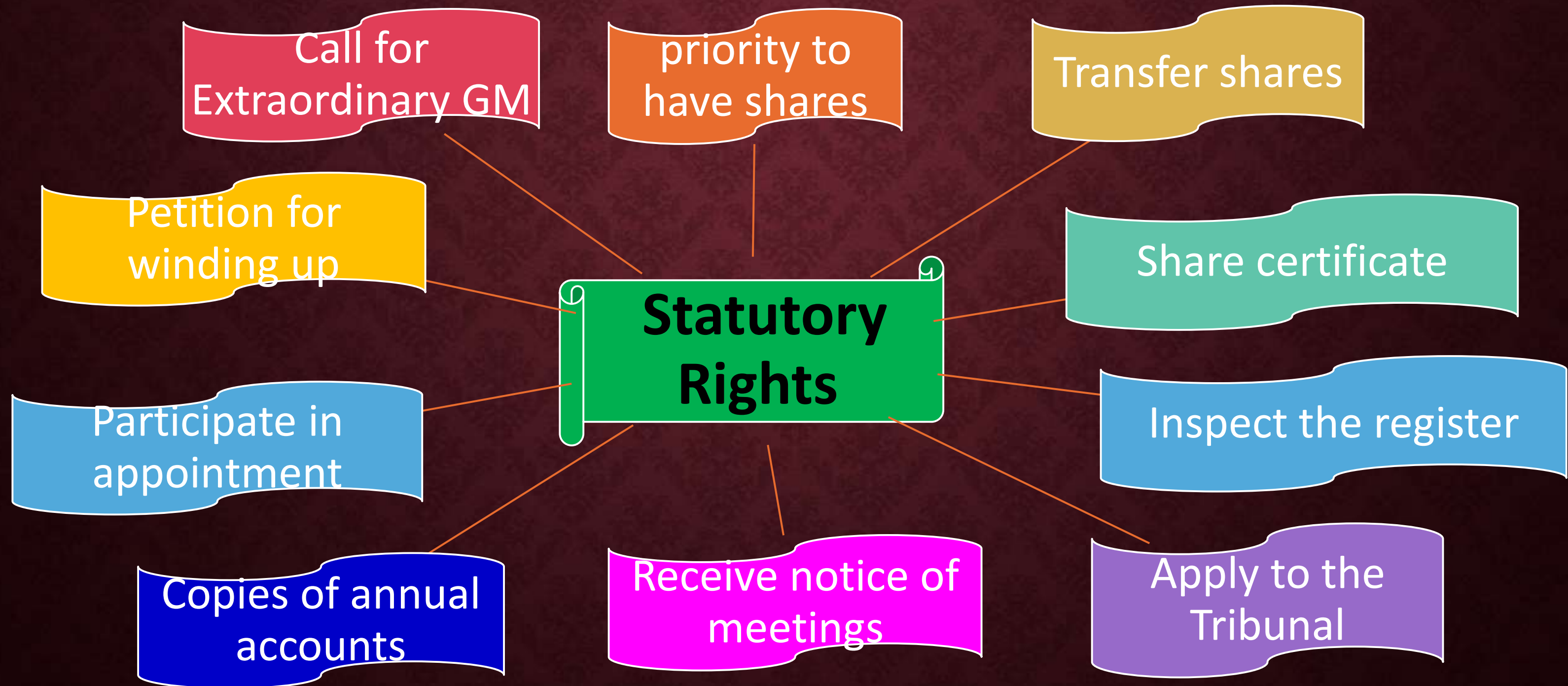
The Companies Act, 2013

Rights of Members



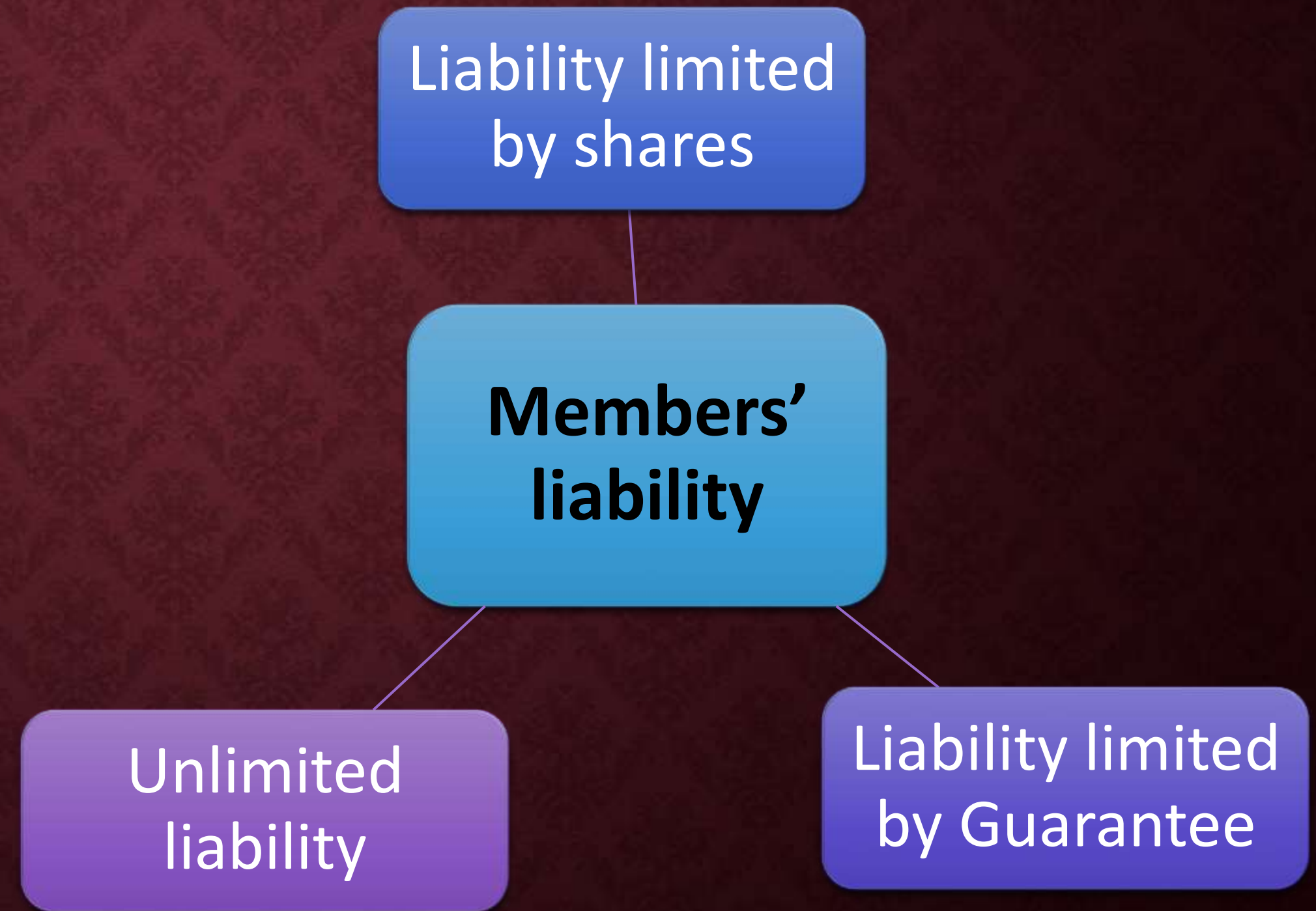
The Companies Act, 2013

Statutory Rights of Members



The Companies Act, 2013

Liabilities of Members



Review Questions

1. Member is a person who has signed the memorandum of association, and every other person who agrees in writing to become a member and whose name is entered in the register of members. **True or False**
2. Who cannot become the members of a company.
 - a. Societies
 - b. Married Woman
 - c. Trustee
 - d. Foreigner
3. An application is made by the father as guardian of his minor daughter for certain shares in a company. The company issues shares to, and registers share in the name of the minor describing her as minor. Later on, the company goes into liquidation. Can the father of the minor who signed the application be placed on list of contributories and be held liable as such?

Answer

1. Member is a person who has signed the memorandum of association, and every other person who agrees in writing to become a member and whose name is entered in the register of members.

Answer: True

2. Who cannot become the members of a company.

Answer: c. Trustee

3. An application is made by the father as guardian of his minor daughter for certain shares in a company. The company issues shares to, and registers share in the name of the minor describing her as minor. Later on, the company goes into liquidation. Can the father of the minor who signed the application be placed on list of contributories and be held liable as such?

Answer: No, the transaction is void on the face of it and the father of the minor who signed the application cannot be deemed to the contracted shares.

Thank You