

# The Corporate Laws (Amendment) Bill, 2026

## *Re-enactment of Section 153 of the Companies Act, 1956: Companies Not to enter Trusts in Register of Members*

Section 153 seeks to enact the principle that the company is entitled to treat the person whose name appears on the register of members in respect of any shares as the absolute owner thereof, and is not obliged (rather, not entitled) to recognise any equities and will not put on the register the name of a person who is the real owner of the shares where the person whose name appears on the register is not the real owner. The object of the section is to relieve a company from taking notice of equitable interest in shares, and to preclude persons claiming under an equitable title from converting the company into a trustee for them.



**CS (Dr.) K. R. Chandratre, FCS**

Practicing Company Secretary, Pune  
Former President, The ICSI  
[krchandratre@gmail.com](mailto:krchandratre@gmail.com)

### INTRODUCTION

Section 88 of the Companies Act, 2013 ('the Act') mandates that every company shall keep and maintain, amongst others, register of members indicating separately for each class of equity and preference shares held by each member residing in or outside India.

Sub-section (3) of Section 88 provides that the register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the corresponding register and index for the purposes of this Act.

Form No. MGT-1 prescribes the form of Register of Members [Pursuant to Section 88 (1)(a) of the Companies Act, 2013 and rule 3(1) of the Companies (Management and Administration) Rules, 2014, and it requires entering in the register name of every member (or names of joint holders of shares). It also requires details of declaration received by a company under Section 89. The form MGT-1 requires name of every member to be entered in the register and also, *inter alia*, date of declaration under Section 89, if applicable, name and address of beneficial owner. But, unlike Section 153 of the 1956 Act, it does not prohibit taking notice of any trust, express, implied or constructive, and entering it on the register of members or of debenture holders.

### RE-ENACTMENT OF SECTION 153 OF COMPANIES ACT, 1956

Section 153 of the Companies Act, 1956, which corresponded to Section 53 of Indian Companies Act, Section 33 of Indian Companies Act, 1913, Section 117 of English Companies Act, 1948 and Section 360 of English Companies Act, 1985, was a useful and crucial legislative innovation. For a reason unknown, it was not included in the Companies Act, 2013 and after 13 years of enactment of the 2013 Act, it is proposed to be inserted in the 2013 Act.

Section 153 read as follows:

**"153. Trusts not to be entered on register** — No notice of any trust, express, implied or constructive, shall be entered on the register of members or of debenture holders."

Here, 'notice' means information, note or observation. The phrase "taking notice" means to make note of or write down something in order to give special attention to something. To take notice of a trust means taking cognizance of or recognizing by a company a beneficial interest in shares of the beneficial owner as against the legal owner of the shares whose name appears in the register of members.

Thus, Section 153 prohibited companies from entering in the register of members in relation to any member, the fact of the shares being held in trust or that the shares held by the legal owner are subject to interest of someone else (beneficial owner). The use of the negative construction and 'shall' is indicative of the mandatory prohibitive character of the provision.

Section 153 of the 1956 Act was not re-enacted by the 2013 Act. Now, Clause 31 of the Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026) proposes to re-enact Section 153. Clause 31 of the Bill reads as follows:

### AMENDMENT OF SECTION 88

In Section 88 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

**"(2A) No notice of any trust, whether express, implied or constructive, shall be entered in the register of members or debenture holders maintained under sub-section (1)."**

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The purpose behind this re-enactment has not been clarified in the Notes on Clauses appended to the Bill. In the Notes of Clauses appended to the Bill, it is stated:

“Clause 31 of the Bill seeks to insert a new sub-section (2A) in Section 88 of the Companies Act to provide that no notice of any trust, whether express, implied, or constructive, shall be entered in the register of members or debenture holders as maintained under sub-section (1) of the said Section.”

The purpose is, however, discernible from the recommendation of the COMPANY LAW COMMITTEE (2022), which had observed in paras 7.1 to 7.4, as follows:

### **“SPECIFIC PROHIBITION ON THE INCLUSION OF TRUSTS ON THE REGISTER OF MEMBERS**

7.1 Under Section 89(10) of CA-13 and the Companies (Significant Beneficial Owners) Rules, 2018, beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to (i) exercise any or all of the rights attached to such share; or (ii) receive or participate in any dividend or other distribution in respect of such share. Such beneficial interest may be held through a trust whereby shares are held in a company by one party for the benefit of another.

7.2 Section 153 of the erstwhile CA-56 provided that the register of members or debenture holders shall not contain notice of any trust expressly, impliedly or constructively. The rationale behind this Section was to relieve the company from taking notice of third-party rights regarding the shares registered in the names of any members.

7.3 The Committee noted that there are no provisions corresponding to Section 153 of CA-56 in CA-13. However, Para 4, Table F- Schedule I of CA-13 currently prohibits a company from recognising a person holding any share upon a trust. The Committee agreed that the provision akin to Section 153 of CA-56 would provide further clarity on this issue.

**7.4 In light of the above, the Committee recommended the insertion of a provision corresponding to Section 153 of CA-56 in CA-13 that expressly prohibits companies from entering notice of any trust, express, implied, or constructive on their register of members or of debenture holders.”**

Para 4 referred to in the Committee’s Recommendation is Regulation 4 of Table F to the 2013 Act, which reads as follows:

“4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.”

### **SECTION 187C OF THE COMPANIES ACT, 1956**

While Section 153 of the 1956 Act prohibited entering on the register of members any trust in respect of any shares, the Companies (Amendment) Act, 1974 inserted in the Act Section 87C, which created an exception and allowed (rather, obligated) companies to enter in the register “Notwithstanding anything contained” in Section 153, and it mandated companies to enter in the register the fact of a person whose name is entered in the register of members of a company as the holder of a share in that company but who does not hold the beneficial interest in such share. Sub-section (4) of Section 187C specifically provided that,

“(4) Notwithstanding anything contained in Section 153 where any declaration referred to in sub-section (1), sub-section (2) or sub-section (3) is made to a company, the company shall make a note of such declaration, in its register of members and shall file, within thirty days from the date of receipt of the declaration by it, a return in the prescribed form with the Registrar with regard to such declaration.”

The purpose behind enacting Section 187C was stated in the Notes to the Clauses stated:

“By Section 187C, it is made obligatory that all *benami* holdings of shares in existence at the commencement of the Amendment Act must be declared both by the *benamidar* and the beneficial owner and failure to do so will be punishable. Likewise, all beneficial interest in shares in future also to be declared and with a view to check any possible evasion of the proposed legislation, it is provided that the *benami* holdings of shares must be reported both by the *benamidar* and the beneficial owner within the specified time and failure to do so is made punishable. All collateral agreements entered into, or instruments executed in connection with *benami* holdings, which are not so reported, cannot be enforced by the beneficial owner or any person claiming through him.

It will be noticed that the purpose of Section 187C was only to require declaration ‘benami holdings’. The scope of Section 187C was, however, not limited to benami shareholding but it applied to every kind of beneficial interest in shares.

### **SECTION 89 OF COMPANIES ACT, 2013**

Section 89 of the 2013 Act corresponds to Section 187C of the 1956 Act. While Section 153 of the 1956 Act prohibited companies from taking cognizance of and entering in the register of members anything about shares held by a member having beneficial interest of a member of a company, Section 187C (now Section 89) made it mandatory to enter in the register, beneficial interest of a person who is the holder of shares but who does not have beneficial interest in the shares.

Sub-section (6), corresponding to sub-section (4) of Section 187C, provides as follows:

“(6) Where any declaration under this Section is made to a company, the company shall make a note of such declaration in the register concerned and shall file, within thirty days from the date of receipt of declaration by it, a return in the prescribed form with the Registrar in respect of such declaration with such fees or additional fees as may be prescribed.”

It was stated by the MCA in the context of Section 187C of the 1956 Act that “this Section envisages two kinds of interests in shares – the legal interest which vests in the registered holder and the beneficial interest which vests in the beneficial owner of the shares, such as trustee and beneficiary of a trust. The company must take note of the declaration of the beneficial interest in shares as received by it and record it in register of members and also file a return with the registrar giving details of beneficial holder and the registered holder.”

## WHAT AMOUNTS TO ‘BENEFICIAL INTEREST’ IN SHARES?

Sub-section (10) of Section 89 inclusively defines ‘beneficial interest’ as follows:

“For the purposes of this Section and Section 90, beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to —

- (i) exercise or cause to be exercised any or all of the rights attached to such share; or
- (ii) receive or participate in any dividend or other distribution in respect of such share.”

Prior to introduction of sub-section (10) of Section 89, Section 89 provided that ‘beneficial owner’ will be the person in whom ‘beneficial interest’ is vested. There was no clarity as to what amounts to ‘beneficial interest’ and on what grounds can it be said that the ‘beneficial interest’ lies with a person, not being a person whose name is registered in the ‘Register of Members’.

In ordinary parlance, a beneficial interest in shares is the right to receive benefits on shares held by another party in a company. Beneficial interest is often referred to in matters concerning trusts, whereby one has a vested interest in the trust’s assets. A beneficial interest is “that right which a person has in a contract made with another (third party)”. This contemplates the relationship of trust between two parties, one the registered holder of a company’s shares whose name is entered in the register of members of the company (the ostensible owner of the shares) and second, the true or beneficial owner of the shares. The beneficial interest means the right to the use and benefit of property

such as shares in a company, by the beneficial owner, the one who is enjoying the benefit of property of which another is the legal owner.

The Black’s Law Dictionary, 10<sup>th</sup> edition, defines the expression ‘beneficial interest’ as “A right or expectancy in something (such as a trust or an estate) as opposed to legal title to that thing. For example, a person with a beneficial interest in a trust received income from the trust but does not hold legal title to the trust property.” The same dictionary defines the expression ‘beneficial owner’ as “One recognised in equity as the owner of something because use and title belong to that person, even though legal title may belong to someone else, especially one for whom property is held in trust.”

In *M/s. Indian Oil Corporation v. M/s. NEPC India Ltd.* AIR 2006 SC 2780, the Supreme Court held: The term ‘beneficial interest’ has a specific meaning and connotation. When a trust is created vesting a property in the trustee, the right of the beneficiary against the trustee (who is the owner of the trust property) is known as the beneficial interest’. The trustee has the power of management and the beneficiary has the right of enjoyment. Whenever there is a breach

of any duty imposed on the trustee with reference to the trust property or the beneficiary, he commits a breach of trust.

In *Central Bureau of Investigation v. Duncans Agro Industries Ltd.*, Calcutta, <sup>1</sup> the Supreme Court held: The term ‘beneficial interest’ has a specific meaning and connotation. When a trust is created vesting a property in the trustee, the right of the beneficiary against the trustee (who is the owner of the trust property) is known as the ‘beneficial

interest’. The trustee has the power of management and the beneficiary has the right of enjoyment. Whenever there is a breach of any duty imposed on the trustee with reference to the trust property or the beneficiary, he commits a breach of trust.

Section 3 of the Indian Trusts Act, 1882 provides that a “trust” is an obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner; and the “beneficial interest” or “interest” of the beneficiary is his right against the trustee as owner of the trust-property.

Section 2(12) of the Prohibition of Benami Property Transactions Act defines ‘beneficial owner’ as a person, whether his identity is known or not, for whose benefit the benami property is held by a benamidar.

In *Ahmed Abdulla Ahmed Al Ghurair (Through Their Power of Attorney Holder Bartholomew Kamya) v Star Health and Allied Insurance Company Limited*<sup>2</sup>, the Supreme

<sup>1</sup> (1996)5 SCC 591

<sup>2</sup> AIR 2019 SC 413.

Trust is a relationship in which one person (the trustee) holds the title to property (the trust estate or trust property) for the benefit of another (the beneficiary). It is an arrangement enabling property to be held by a person or persons (the trustees) for the benefit of some other person or persons (the beneficiaries).



Court held: The term ‘Beneficial interest’ is defined under Section 3 of the Indian Trust Act, 1882 which is reproduced hereunder: “Beneficial interest” or “interest of the beneficiary is his right against the trustee as owner of the trust property.” As it can be discerned from the definition of ‘Beneficial interest’ provided in Section 3 of the Indian Trust Act, 1882, there are two parties involved in an issue governing beneficial interest. One is a beneficiary named as ‘beneficial owner’ and the other is the owner named as ‘registered owner’ being the trustee of the property or the asset in question. Thus, one can deduce the underlining principle that the ownership is nonetheless legal over the trust property, which vests on him but he also acts as a trustee of the beneficiary. A beneficial owner may include a person who stands behind the registered owner when he acts like a trustee, legal representative or an agent.

The legal position was summarised in *Enviroco Ltd. v. Farstad Supply*<sup>3</sup> in these words:

“(37) The starting point is that the definition of “member” in what is now Section 112 of the 2006 Act... reflects a fundamental principle of United Kingdom company law, namely that, except where express provision is made to the contrary, the person on the register of the members is the member to the exclusion of any other person...”

(38) Ever since the Companies Clauses Consolidation Act, 1845 and the Companies Act, 1862... membership has been determined by entry on the register of members. The company’s legislation proceeds on that basis and would be unworkable if that were not so...

(39) For those and other purposes the legislation makes it clear that the member is the person on the register, and where it is necessary to apply the legislation to persons who are not on the register, special provision is made....”

It was held in an old English case, that no statement qualifying the entry of their names to show that they held the shares in a representative capacity can be entered in the register of members of a company.<sup>4</sup>

<sup>3</sup>. (2011) 1 WLR 921; (2011) 3 All ER 451; [2011] 2 BCLC 165 (UKSC).

<sup>4</sup>. *Re, T H Saunders & Co. Ltd.* (1908) 1 Ch 415.

## MEANING OF ‘TRUST’

In simple words, trust is a relationship in which one person (the trustee) holds the title to property (the trust estate or trust property) for the benefit of another (the beneficiary). It is an arrangement enabling property to be held by a person or persons (the trustees) for the benefit of some other person or persons (the beneficiaries). The trustee is the legal owner of the property but the beneficiary has an equitable interest in it. Equitable interest is an interest in, or ownership of, property that is recognised by equity but not by the common law. Equity means a beneficial interest in an asset. A beneficiary under a trust has an equitable interest.

The Indian Trusts Act defines ‘trust’ as an obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner. The person who reposes or declares the confidence is called the “author of the trust”; the person who accepts the confidence is called the “trustee”; the person for whose benefit the confidence is accepted is called the “beneficiary”; the subject matter of the trust is called “trust-property” or “trust-money”; the “beneficial interest” or “interest” of the beneficiary is his right against the trustee as owner of the trust property; and the instrument, if any, by which the trust is declared is called the “instrument of trust”.

Section 153 does not seem to have used the term ‘trust’ in any strict sense or a sense in which it defined in any law. It must be taken in an ordinary sense. In ordinary parlance, trust means -

- a property-interest held by one person for the benefit of another;
- a legal arrangement in which a person or organization controls property and/or money for another person or organization;
- an arrangement in which someone’s property or money is legally held or managed by someone else or by an organization;

- an arrangement in which a group of people or an organization (the trustees) have legal control of money or property for another person or group of people (the beneficiary/beneficiaries); an amount of money or property that is controlled in this way.

It was held by the Calcutta High Court that assuming that the registered shareholder is not the real owner of the share but if he is a member in the books of the company, it is he alone who would be entitled to exercise the rights of a shareholder, viz. to vote as such or to receive the dividend payable in respect of the share and it certainly follows that he alone is liable for share calls or to be put on the list of contributories in case the company is wound up.<sup>5</sup>

## OBJECT AND SCOPE OF SECTION 153 AS EXPLAINED BY COURTS

As Section 153 of the 1956 Act applies to every kind of “trust, express, implied or constructive”, it is expedient to understand meaning and scope of the word ‘trust’.

Section 153 seeks to enact the principle that the company is entitled to treat the person whose name appears on the register of members in respect of any shares as the absolute owner thereof, and is not obliged (rather, not entitled) to recognise any equities and will not put on the register the name of a person who is the real owner of the shares where the person whose name appears on the register is not the real owner. The object of the Section is to relieve a company from taking notice of equitable interest in shares, and to preclude persons claiming under an equitable title from converting the company into a trustee for them.<sup>6</sup>

As stated in a well-known treatise on Company Law, companies, are not to take notice of equitable interests in shares. Companies have nothing whatever to do with the relation between trustees and their *cestui que trust* in respect of the shares of the company. They can only look to the man whose name is on the register, and cannot look behind the register, to look whether the registered share holder is the beneficial owner.<sup>7</sup>

It is a well-settled principle of company law that a company cannot look beyond the register of members and recognise and deal with any other person even if the registered shareholder is not the beneficial owner of the shares; for the company, only the person whose name appears on the register of members is the holder of the shares and hence the member. This principle was stated (with regard to Section 30 of the English Companies Act which provided that no notice of trust shall be entered on the register) by Lord Dovey in the celebrated case of *Saloman v Saloman & Co* (1897) AC 22, that it would be impossible to work the machinery of the Act on any other principle, and to attempt to do so would lead only to confusion and uncertainty.

The Madras High Court explained the object of Section 153 in the following words:

<sup>5</sup> *Murshidabad Loan Office Ltd. v Re Perkins, ex parte Mexican Santa Barbara Mining Co. Chandra Chakravarty (supra).*

<sup>6</sup> *Buckley on Company Law, 11<sup>th</sup> edn., page 254.*

<sup>7</sup> *Mexican Mining Co., re Perkins 24 Q.B.D; 613 (616); Pulbrook v. Richmond Mining Co., 9 Oh. D. 610.*

“The object of the Section appears to relieve the company from any obligation to take notice of equitable interests in its shares and also to preclude any person claiming an equitable interest in shares from treating the company as a trustee in respect thereof. All that the Section says is that no notice of any trust, etc., shall be entered on the register of members or debenture holders. The register is a notice to persons dealing with the company as regards the ownership of the shares or debentures. The object of Section seems to be that such persons dealing with the company may not be affected by the entry of any kind of trust. Therefore, there is no ground to hold that the company itself cannot take notice of or recognise any trust brought to its notice otherwise than by entry in the register. It would be open to the company to say that it cannot take note of any relations between the trustees and the *cestui que trust* in respect of the shares of the company. If a trustee is on the company’s register as a holder of shares, the relations which he may have with some other person in respect of the shares are matters with which the company has nothing whatsoever to do. But if the company itself is aware that the person in whose name the share is entered is only a benamidar there is nothing in the language of section to preclude the company from putting forward that contention.”<sup>8</sup>

## IS THERE A CONFLICT BETWEEN 88(2A) AND SECTION 89?

There may appear, *prima facie*, a conflict between the provision proposed to be inserted through Section 88(2A) and Section 89, since, as noted earlier, Section 89 does permit (in fact mandate) companies to take notice of trust on their registers of members and is thus directly in conflict with the provision in Section 88(2A) that a company shall not enter in the register of members or debenture holders a trust, whether express, implied or constructive. Furthermore, as already noted, Section 89(6) explicitly mandates a company to make a note of such declaration in the register concerned. This may undoubtedly appear to have the effect of rendering the provision in Section 88(2A) redundant and therefore no purpose will be served by enacting that provision, which was also the result of enacting Section 187C in 1974.

There is, however, no conflict. Section 89 of the 2013 Act does not permit a company dealing with the beneficial owner of the shares ignoring the registered shareholder for any purposes (some of which are mentioned above). The company must deal only with the registered shareholder for all purposes and leave the relationship between the two to be governed by their *inter se* contract.

## A COMPANY CANNOT DEAL WITH THE BENEFICIAL OWNER

Notwithstanding a declaration having been received and thereby having knowledge of legal owner of shares not being beneficial owner, a company cannot deal with the beneficial owner of the shares whose name is not on the Register of Members as a member but whose declaration under Section 89 has been entered by the company

<sup>8</sup> *Parameshwari (S.) v Kamadhenu Metal Rolling Mills Pvt Ltd (1970) 2 Comp LJ 120 (Mad): AIR 1971 Mad 293.*

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on its Register of Members. This position will remain unchanged even after the enactment of sub-section (2A) of Section 88.

It is a well-settled principle of company law that a company cannot look beyond the register of members and recognise and deal with any other person even if the registered shareholder is not the beneficial owner of the shares; for the company, only the person whose name appears on the register of members is the holder of the shares and hence the member. This principle was stated (with regard to Section 30 of the English Companies Act which provided that no notice of trust shall be entered on the register) by Lord Dovey in the celebrated case of *Saloman v Saloman & Co* (1897) AC 22, that it would be impossible to work the machinery of the Act on any other principle, and to attempt to do so would lead only to confusion and uncertainty.

In *Murshidabad Loan Office Ltd. v. Satish Chandra Chakravarty* [1943] 13 Comp Cas 159 (Cal), the Calcutta High Court aptly summarised the principle in the following words:

“Section 33 (of the Indian Companies Act, 1913, corresponding to Section 153 of the 1956 Act) expressly says that no notice of any trust, express, implied or constructive, should be entered on the register or be receivable by the Registrar. Assuming that the registered shareholder is not the real owner of the share but if he is the member in the books of the Company, it is he alone who would be entitled to exercise the rights of a shareholder, viz., to vote as such or to receive the dividend payable in respect of the share and it certainly follows that he alone is liable for share calls or to be put on the list of contributories in case the Company is wound up. .... It is a settled principle of English law that it is only the registered holder of a share who can be made liable in respect of anything unpaid on the share and it makes no difference whether he is the beneficial owner of the share or a mere trustee, and in the latter case, it is immaterial whether the Company is or is not cognizant of the trust. ... The *cestui que trust* cannot be made liable either as shareholder or as a contributory .... The same principle has been adopted by English Courts in a large number of cases.”

The company's duty in regard to the declaration ends with the noting of the declaration in the register of members and filing of it with the Registrar and does not extend to recognising the relationship between the registered shareholder and the beneficial owner of the shares any further.

Likewise, the provisions of Section 89 have no impact on the rights and powers of a member under the Act or the Articles of the company concerned, such as rights to:

- a) receive notices of general and class meetings of the company;
- b) receive from the company other documents which it serves on members;
- c) receive rights and other preferential offers in respect of shares and other securities of the company;
- d) receive dividend and bonus shares;

- e) attend and vote general and class meetings and exercise other rights in relation to meetings;
- f) exercise any other rights and powers which a member is entitled to exercise in relation to the company.

These rights and powers, so far as the company is concerned, shall continue to vest in the registered holder of the shares in spite of the beneficial interest therein having been declared under this Section.

Section 123 of the 2013 Act provides that no dividend shall be paid by a company in respect of any share therein, except to the registered holder of such share or to his order or to his bankers. The expression ‘registered holder’ in this provision is persons holding shares in a company and registered as such in the register of members of the company. Accordingly, it is a clear mandate of the Act of Parliament that dividend can be paid only to the members of the company. The negative language of the provision is indicative of its mandatory nature.<sup>9</sup>

A company is not bound to, and must not, recognize the existence of any trust and will pay dividends only to the person whose name appears on the records of the company as a shareholder even though such a person may hold shares for another person only as a trustee. A limited company when it parts with moneys available for distribution among its shareholders, is not concerned with the fate of those moneys in the hands of any shareholder. The company does not know and does not care whether a shareholder is a trustee of his shares or not. It is of no concern to a company which is parting with moneys to a shareholder whether that shareholder (if he be a trustee) will hold them as trustee for A absolutely or as trustee for A for life only.<sup>10</sup>

Therefore, only those persons whose names are on the register of members (or the register of beneficial owners of shares maintained by the Depository) can be treated as members and are entitled to dividend. As a corollary of this proposition, it is only after the name of a person is entered in the register of members that he is entitled to a dividend declared by the company after such entry.

Where shares are transferred, the relationship between the transferor and the transferee, between the period of transfer of shares and the registration thereof by the company in its books, is one of trustee and *cestui que trust*, however, so far as the company is concerned, it is the transferor whom company recognises as its shareholder or a member inasmuch as both these expressions are synonymous. As a natural corollary of this principle, the transferor continues to enjoy the rights of a member until the transferee's name is put on the register of members as a member of the company, an important amongst these rights being one of dividends declared by the company after the shares were transferred and before the registration thereof. The company, in such a case, pays the dividends to the transferor being the registered holder of the shares under transfer. □

<sup>9</sup> *Mannalal Khetan v Kedar Nath Khetan* (1977) 47 Comp Cas 185 (SC): AIR 1977 SC 536.

<sup>10</sup> *Richard Hill, In re; Robert Alan Hill v Permanent Trustee Company of New South Wales Ltd* (1931) 1 Comp Cas 1 (PC).

