

# What Is Transmission of Shares?

## Key Provisions Under the Companies Act You Should Know

When a person holding shares in a company passes away, becomes insolvent, or is declared mentally unfit, the ownership of those shares doesn't just vanish. It passes on to another person, usually the legal heir. This process is called [transmission of shares in company law](#). Let's understand what it means, how it is different from a transfer of shares, and what legal steps you should take.

### What Is Transmission of Shares?

Transmission of shares is the automatic process by which shares are transferred to a legal heir or representative after the death or incapacity of the shareholder. Unlike a sale or gift (which we call a “transfer”), transmission happens by operation of law.

For example, if Mr. Sharma owns 100 shares in ABC Pvt Ltd and unfortunately passes away, his son can become the new shareholder if he applies with the correct documents. This process doesn't need a sale deed or consideration—it happens due to law and inheritance.



## **Transmission of Shares in Company Law – Key Provisions**

The Companies Act, 2013 and a company's Articles of Association (AOA) govern the rules of transmission. Here are the most important legal points:

### **1. Section 56 of the Companies Act, 2013**

This section covers both transfer and transmission. In case of a transmission:

- The legal heir or nominee must submit a written request to the company.
- Supporting documents (like the death certificate, legal heir certificate, or succession certificate) must be attached.
- Once the company verifies the documents, it registers the legal heir as the new shareholder.

### **2. Nomination under Section 72**

If the deceased shareholder had filled a nomination form, the shares can be transmitted directly to the nominee. This is quicker and avoids family disputes.

### **3. Role of the Articles of Association (AOA)**

Every company has its own AOA, which can mention specific procedures or extra documents required for share transmission.

## Documents Required for Share Transmission

To apply for the transmission, the following documents are commonly required:

- Death certificate of the shareholder
- PAN card and Aadhaar card of the claimant
- Share certificate (physical or demat details)
- Legal heir certificate or succession certificate
- Request letter for transmission
- Affidavit or indemnity bond (if required by the company)


## How to Apply for a Legal Heir Certificate Online

A legal heir certificate is proof that a person is the rightful heir of the deceased. Here's how you can [apply legal heir certificate online](#):

Steps to Apply:

1. Visit the official state government portal. (Each state has its own e-district portal. For example, Tamil Nadu's is <https://tnesevai.tn.gov.in>)
2. Register or log in with your credentials.
3. Go to "Revenue Department Services" and choose "Legal Heir Certificate."
4. Fill in the deceased person's details, family members, and relationship with the claimant.
5. Upload required documents (death certificate, Aadhaar, ration card, etc.)

6. Pay the application fee and submit.
7. After verification by a revenue officer or tehsildar, the certificate is issued.

 *Tip: The legal heir certificate usually takes 15–30 days for processing, depending on the location.*


## Application for Succession Certificate

Sometimes, the legal heir certificate is not enough. If the value of the shares is high or if there are disputes, the company may ask for a [succession certificate](#).

A succession certificate is issued by a civil court and gives the heir the legal authority to claim the assets of the deceased.

How to Apply:

1. File a petition in the district or high court under the Indian Succession Act, 1925.
2. Mention the name of the deceased, date of death, assets involved, and your relationship.
3. Submit supporting documents (death certificate, ID proof, etc.)
4. The court may issue notices in the newspaper to invite objections.
5. If no one objects, the court issues the certificate.

 *Timeline: This process may take 2–6 months depending on the case complexity.*

## Conclusion

The transmission of shares in company law is a simple yet important legal process. When a shareholder passes away or

becomes legally incapable, their shares are passed on to the rightful heir. However, proper documentation especially a legal heir certificate or succession certificate is necessary.

Knowing the difference between transfer and transmission, and understanding the legal steps to follow, can help prevent future disputes and ensure smooth ownership change.

Contact Us for more Details:

<https://investorlink.in/transmission-of-shares>

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