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 Procedure for Transfer of Membership Interest in a Company Without Share Capital | 148 KB 08-05-2026

What procedure is to be followed in case of transfer of interest of a member in a company not having share capital?

Ans. Section 56 of the Companies Act, 2013 provides that a proper instrument of transfer is required to be executed in case of transfer of the interest of a member in case of a company having no share capital. Such instrument is required to be executed by or on behalf of the transferor and the transferee and must be delivered to the company in terms of the said provision.

Rule 11 of the Companies (Share Capital and Debentures) Rules, 2014 provides that form SH-4 shall be the format for transfer of securities held in the physical form. Rule 11(2) of the said rules clarifies that the same form is also required to be used in case of transfer of interest of a member in a company not having Share capital. The said provision clarifies that the reference to securities shall be read as reference to "interest of the member of the company".

Accordingly, stakeholders are advised to use form SH-4 for transfer of interest of member in case of a company limited with guarantee in terms of rule 11(2).